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## Near East/South Asia Report

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28 February 1986

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EGYPT

WAFD PARTY PAPER REBUKES ASSEMBLY CHAIRMAN

Cairo AL-WAFD in Arabic 2 Jan 86 p 1

[Article: "Al-Mahjub's Democracy"]

[Text] By his conduct in the People's Assembly, Dr Rif'at al-Mahjub has affirmed that it is out of the question for someone brought up in the embrace of the authoritarian regime to be a guardian of democracy, a trustee of the parliamentary traditions which put the neutrality of the tribune and respect for the opposition at the heart of its commitments. Al-Mahjub, through his tyrannical behavior, has proved the veracity of the statement that character predominates over the casting of impressions and that it is impossible for someone who grew up in the context of tyranny to accept the breezes of democracy or accept the morality, traditions and respect for opposition views that they dictate.

Al-Mahjub refuses to apply the provisions of the bill which binds the chairman of the assembly to leave the post and go down into the members' ranks if he wants to express his opinion. Al-Mahjub confuses his role as chairman of the assembly with that of the government's representatives. It is as if there are no ministers and deputies whose task it is to reply to opposition views. Then al-Mahjub descends further into contemptibility when he exploits the position to direct insults, vituperation and attacks at assembly members and keeps repeating the same phrases which the leaders of the authoritarian regime broadcast to debase the Egyptians and bestow upon them the blessings of the 23 July revolution, without which they would not have eaten, drunk, been educated free of charge or gone into parliament. Then al-Mahjub takes a step farther in falsifying history and polluting the bright period of Egypt's history before 23 July, alleging that it was filled with corruption and lacking in a parliamentary system. He gives as proof of that the events of the day of the chains in Isma'il Sidqi's era in 1930, seeing in that event only the dark side which is in keeping with al-Mahjub's behavior, feigning ignorance of the bright side which is embodied in the people's firmness and defiance of Sidqi's dictatorship and forgetting that the Wafd deputies were not afraid and did not shy away, but came forth with rare courage to face the despotic forces' bullets, broke through the chains, broke down the closed doors, entered the hall of parliament and put the will of the people above the will of tyranny.

What is the difference between Sidqi's conduct and al-Mahjub's? The former confronted his adversaries with iron and fire and the latter confronted them with confiscations, attacks and vituperation and did not shrink from wrecking the bill, falsifying history and lecturing the people about free education, the bounties of the high dam and the fruits of the public sector. Al-Mahjub forgot that the Wafd government was the one which provided for free primary education in 1942 and that the Wafd government was the one which provided for free secondary education in 1950, refused to let university expenses be a barrier to the students' taking of examinations, and waived the obligation of paying fees in the case of people who were not affluent. Al-Mahjub has forgotten that he personally was one of the beneficiaries of the Wafd's attention to learning and education, when the Wafd government, in its 1950 term, sent him to get a doctorate in Paris then return as a university professor. However, he, rather than committing himself to the historic trust, resorted to what the vindictive and the sycophantic have resorted to, in falsifying the facts to satisfy his intent to avoid the truth and causing caprice to prevail, and he repeats the same decadent slogans which insult the people concerning the virtues of the public sector.

The Wafd is proud that the public sector did not exist in its era, because its era was not familiar with the cavalcades of deprived persons who are now massed before the government shops in search of a piece of soap, a handful of lentils or a slice of imported meat. The people who lived at the time of the events of World War Two point out that the war period passed without shortages and supply bottlenecks in spite of the absence of a public sector.

Yes, there was no public sector in the era of the Wafd, because the Wafd did not agree that the public money should be exposed to plunder, pillage, ruin and the showering of bounties on proteges and followers.

If the parliamentary traditions make it mandatory that the assembly chairman go down to the ranks of the members to state his opinion, historic trust makes it mandatory that the university professor sit once again in the ranks of the pupils to learn the history of Egypt in its true form.

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EGYPT

OPPOSITION PAPER CRITICIZES CABINET MEMBERS

Cairo AL-WAFD in Arabic 2 Jan 86 p 12

[Article by Dr Ibrahim 'Abduh: "Thoughts and Reflections: Influence-Peddling"]

[Text] The foreign minister, Dr 'Isamat 'Abd-al-Majid, must resign his position at once, now that the Council of State has released his admission that his son's employment in commercial agency activities was against the law. We ask for his resignation because he knows that the law prohibits his son from engaging in this type of commerce as long as his father is minister and that the suspicion exists that the minister and other family members could benefit from the son's activity, an activity that is not proper for a minister who is familiar with the law. The suspicion also exists that the son used his father's influence regarding facilities which have supported the commercial agency, paved his way to flagrant wealth and made the issue of integrity a laughingstock among citizens. This minister's resignation alone will restore the dignity of integrity and make integrity a quality which is worthy of the people's profound respect for those who make claims to purity and integrity. Then what? The minister of the economy and the other ministers are familiar with this law, but these ministers stand on ceremony with one another to the point where to some of them the law has become an empty slogan to which these people are not committed since the regime has given them a position which puts them above the law! Then what? A heavy burden is now on the minister of economy and his conscience is now reproaching him today because he put the law in abeyance until the Council of State roused him, and he had to apply this law as soon as he learned of the case of the foreign minister's son about a year ago and crossed his name off the list of commercial agents. He is today compelled to cross it off in this way, forced by [the watchword] "your brother is no hero," lest he himself succumb to the writ of the law! Then what? In order for the son for example to be affected by the disciplining of aberrant persons, it is necessary to apply justice to this son and imprison him 6 months. Thus, people will quiet down somewhat, will be reassured over the frequency of damage to the law in more than one position of power and ultimately will know that no one is immune before the truth and the law. Otherwise we will have added, to the list of slogans, the one they keep telling us, that in Egypt there is such a thing as sovereignty of the law!

## The Spoiled Jurist

Our jurist, the star of the brilliant society, Mr Safwat al-Sharif, was born on a beautiful bright day, and, although when all fetuses are born and see the world they cry in a clear audible voice, we heard our jurist, when he greeted this world, guffawing with laughter in a voice which shook the walls of the room where the midwife, the mother of good things, gave birth to him.

In the twinkling of an eye, he completed his education, receiving a certificate of culture although no one took note of him. His happy world did not allow him superiority in this field and it was his good fortune that he studied military science and graduated, again in silence. However, his laughing world put him at the service of the prince and appointed him member of war intelligence, which had no function but to protect the tyrant's regime. He completely turned his back on protecting the country from the enemies lurking at the borders and this lucky person was chosen to carry out what the tyrant, the prince of that time, had assigned him to do, dealing with things news of which delighted him, and he confined his function in intelligence to this "delicious" type of activity.

When the tyrant's mood shifted, he dispensed with the services of our jurist and appointed him to a position in the Ministry of Information, whose head was an educated man who held a doctorate. By means of the practices which had been passed on from the intelligence figures of that time, the jurist was able to get him out of his way, then removed the people who were higher than him until in the end we were delighted to see him as a minister whom people would point to, whom they installed in charge of the media. The media, in his era, reached a culmination of language which is not necessarily meant to have the quality of praise or tribute.

The opposition made a commotion over the way he dealt with it, since he prohibited it from exercising its right to the radio and television, restricting their use to propaganda for his government, in which he had been chosen minister of information. Along with the opposition, a very broad segment of the people made a commotion over what he presented on television, especially in terms of trivial subjects, movies and serials, and the papers, even the government's papers, wrote critically of the style of performance! We are not talking about the officials' insistence on embracing this boy whenever we wrote about a shortcoming in the leadership of the position or the conduct that issued forth from him, insistence which a genuine nation or people ought not have. Everyone has the right to be insistent as far as the affairs of his home or his hamlet are concerned, but never with regard to the country's interests.

I am still wondering about the extent to which what the papers have published concerning the media jurist's intention of buying a helicopter for his travels is correct; I do not know whether it was bought before the great awakening or the great awakening was an appropriate reason for keeping the brilliant star from squandering the country's money. I also wonder whether this minister's blood is blue, so that he should be affected by this immunity and remain in his position after the incident of the airplane, news of which was held back from tens of millions of people hungering to hear word

of their compatriots as they were being killed by the dozens. Was this reasonable?

Do we have a government or are we "playing at government?" The silence regarding what we are writing here concerning the conduct of some ministers and governors and their retention in spite of the veracity of the criticism and rebuke does not threaten the officials alone but also threatens innocent people at the base, and we are part of that base. Is there enough time for us to defend ourselves in the face of this threat?

#### Someone Lacking Something Cannot Give It

Mr Jalal Abu al-Sa'ud wrote me a letter. After reading its contents, I could state, summarizing it, that the government was in splendor declaring something to which the common Egyptian saying "A piece of cake in the hand of an orphan is a wondrous thing!" could be applied.

The gentleman said "To emphasize what I had previously written about the public sector's losses, which are increasing year after year, urging the officials to liquidate money-losing companies, as is done in the civilized world, eastern or western alike, I am sending you this clipping published in AL-AHRAM newspaper on 10 December on Page Nine under the title '11.53 Billion Pounds Production in Four Industrial Companies and 15 Million Pounds in Profits.' From the ratio of the figure on production to the profit, we find that these companies realized a profit of 1.34 percent. How can we call this a profit if it is compared with the revenue yielded by investment certificates, for example, which exceeds 13 percent a year? In my conception, through a simple process of subtraction it is clear that there is a loss of about 12 percent and not a profit of 1.34 percent. Why then, concerning the loss, do we say that a profit has been realized? In whose interests is this deception?"

In his letter, the gentleman pointed out that the public sector companies which are losing millions today are ones which earned millions before they were nationalized and that they supplied the treasury with taxes on their fantastic profits then, while the companies that are losing money now of course do not pay taxes because someone lacking something cannot give it. I can tell my friend that when the development of a company by converting it to a mixture between the public and private sectors was presented to the Council of Ministers, the minister of manpower threatened the cabinet with calamity, disaster and misfortune if it agreed to the draft presented to it. The Council of Ministers submitted to the economic scholar the minister of manpower!

What if we had infuriated this minister by selling the whole public sector and buying investment certificates for the price of it? Wouldn't that have helped the government treasury by collecting fixed profits and exempting us from the catastrophes of losses in public sector companies? We would thus have realized the great awakening and paid off billions of debts.

It will not harm the workers in any way if the affairs of these companies and their workers are placed in honest, devoted, committed hands in the

private sector, and thus the Council of Ministers will be liberated from the splendid countenance of the minister of non-working power.

I read a paragraph which appeared in the article by the editor in chief of AL-WAFD 2 weeks ago stating that the president, in his conversation with Mr Ibrahim Sa'dah, had stressed that the opposition was getting its share and exercising its right to present its views on radio and television.

It is true that my eyesight has started to go dim and my hearing has started to weaken, but I can still see and hear, and I have not heard or seen any of the opposition's share on the radio or on television -- unless the opposition was exercising its right on them at 0300 hours in the morning! I go to sleep early and wake up after dawn, and of course I miss the pleasure of seeing and hearing the jurist of information's networks!

#### A General Punishment

I am raising a question here not with the goal of defamation; for God's sake, I am most concerned that what has been transmitted to me not be true. They have said that the board chairmen of the government papers get a 5 percent share of the receipts from their papers' advertisements each year, even if the papers' budgets are losing money!

It has been said that the summits of the radio and television, headed by the minister, as journalists, get a share of the advertising of the two media; my informant has not specified the share they have estimated for themselves. This also is a question in regard to which I swear I would like to receive a rebuttal, interpretation or something from which it could be inferred that that does not conflict with the great awakening which requires honesty and uprightness on the part of the people in whose hands lies the public money, which must not be squandered even if that is in their favor in these circumstances.

#### A Reference Is Necessary

It is our duty, as an opposition, to call for what the president has stipulated. He has ordered that senior officials in the republican palace use only one car, and he has prohibited the use of telephones except for communications within Cairo only.

If what has been conveyed to me is true, that the fringe benefits given to ministers have been reduced by half, so that the payment of debts may benefit from this reduction, we must also call on the Council of Ministers to follow through with that, emulate the president and restrict the minister's right to use a single vehicle, and urge it to issue a decree preventing the jurist of information from spraying his elevator with perfume and jasmine when he plays host to the cabinet, compelling Minister Butrus Ghali to stay in his office, if only a day or two a week, and assigning the minister of couscous and supply to close the cooked couscous pipeline and substitute that with the supply of lentils to the societies. Lentils are a very rare food in the markets, and food for tens of millions; couscous is a food which the Egyptians are not interested in, or the Arabs, except for the Moroccans and Algerians!



The Senior Minister and Abu 'Ali

The senior minister promised me facilities for exporting books, and decrees were issued adding 60 percent onto the freight rates. The prince and minister of economy declared 10 days ago in AL-AHRAM that there had been no increase in freight charges; the opposite was proved at the airport. The minister of economy contented himself with "zucchini" [graft] and other vegetables, with respect to these benefits. As for books, which allow us to dispense with propaganda about the jurist of information and all his media, an increase in freight rates has been imposed on them. They are a spiritual sustenance which is no less than zucchini in any way. Concerning the minister's statement, they told us at the airport, "Brother, that's government talk!"

This final phrase is dedicated to the senior minister, and it is a general and specific comment on these times!

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EGYPT

TWO PROMINENT WRITERS DISCUSS RELATION BETWEEN PRESS, REGIME

Kuwait AL-'ARABI in Arabic Jan 86 pp 64-73

[Article: "Face to Face: Muhammad Hasanayn Haykal and Mahmud al-Maraghi"]

[Text] Muhammad Hasanayn Haykal does not need an introduction. He is the most prominent Arab journalist and one of the most prominent journalists in the world. However, because the discussion is selecting an aspect of personality, we can say that we are conversing with someone who has given testimony to the times.

The giving of testimony began from the vantage point of the major events of the forties and the early fifties, the Korean war, the Iranian revolution Mosaddegh led, the Palestine war and the ferment that created in Cairo, which ended with the revolution and shifted the witness' vantage point so that he became more closely attached to events, indeed more fully integrated into the chapters of events, by virtue of his proximity to the leader of the revolution, Jamal 'Abd-al-Nasir.

However:

Muhammad Hasanayn Haykal is not an ordinary observer. He was always in the political framework. However, he refused to be preoccupied by it. He entered the cabinet and refused to stay. Many people tried to draw him into areas of party and union activity, but he preferred to be primarily a journalist, seeing, hearing, reading, writing and talking.

In the course of all this, he became one of the pillars of modernization in the Arab press and one of the pioneers of a school which we can call "the school of the press of information."

This is the same school to which the person conducting the conversation with him, Mahmud al-Maraghi, believes he belongs, with a small difference. While for Haykal the entree was politics and war, that for Mahmud al-Maraghi, when he began his journalistic activity in 1957, was economics, numbers and the world of finance.

While Haykal refrained from engaging in politics in a direct manner, al-Maraghi took part in leading and founding one of the Egyptian opposition

parties in the seventies, as he took part in the seventies in union activity as a member and vice chairman of the Egyptian Journalists' Union for a number of terms and as financial secretary of the Federation of Arab Journalists for one term.

Finally, while Muhammad Hasanayn Haykal's broad experience was in the court of her highness the daily press as a reporter, editor and editor in chief of the biggest journal, AL-AHRAM:

Al-Maraghi's main experience was in the weekly press as a reporter and economic editor and deputy editor in chief with ROSE AL-YUSUF, with a small stint in the daily press as a managing editor of the Kuwaiti newspaper AL-WATAN.

Al-Maraghi, with 28 years of journalistic activity and 6 books on economics and management, talks with Muhammad Hasanayn Haykal, with 40 years of press activity and more than 30 books.

Face to face, the conversation began.

#### The Journalist and the Authorities

Al-Maraghi: Let us start where people's attention is directed, with Muhammad Hasanayn Haykal, a great journalist who was given the circumstances to be close to the authorities. Most of the experience was with 'Abd-al-Nasir, a leader of a special type, in whose era the authorities were as strong as authorities can be.

The question is, there are two viewpoints. One holds that proximity to the authorities is a necessity for a journalist, because they are a source of information, and the other considers that such proximity negates the journalist's freedom and affects his opinions. What do you say, Mr Haykal, in the light of experience?

Haykal replied,

"First, you must not talk about the journalist in the current terminology, which includes everyone working in the profession. We must distinguish among three kinds of journalist:

"The journalistic reporter.

"The person who holds opinions, which is what was meant by the question.

"Then artists.

"In addition, when we talk about the journalistic reporter, we must talk about three tasks:

"Gathering news.

"Providing news in such a way that it can reach the reader's understanding and perception.

"Commenting on the news. This is the realm of expressing opinions." Mr Haykal continued, "The question is, who has the information, and who makes the news?"

"The person who is in the position of authority, of course, whoever he might be. Therefore, the journalistic reporter must have a strong connection to the sources of the news. The journalist, in my view, is only a collection of sources. I am not talking about a reporter who embellishes the news, twists it or fabricates it; rather, I am talking about the journalistic reporter as he ought to be.

"That is, the reporter whose main task is to come up with the right news. Here, the journalist must have a strong connection to the authorities. That is a relationship with two sides, one of which, the decisionmaker, wants to hold the news back, even if it is in his interest that the news get to the people in a specific form.

"The second side, the journalist, wants to get to the truth, the whole truth, and publish it as it is.

"I say there is no journalist who can be alienated from or inimical to the person who governs or makes decisions.

"From my own experience, which at the same time is the experience of the press in the third world, one can say that the closer the journalist gets to the authorities the closer he gets to decisionmaking.

"When the authorities are nationalistic and no dispute over issues exists, the contradiction between the journalist and the decisionmaker is not profound.

"Sure, there is a dispute, but it is minor.

"This type of relationship and this type of prominent journalist and writer of opinions exists in the whole world, in one form or another, alongside the people who make the decisions.

"Even people who hold opinions must be concerned to get close to the authorities, if they want to present their opinion on a certain issue. That is unless we are talking about a journalist reporting for an opposition journal, where his activity is influenced by the nature of his party status and his being influenced by the process of using the facts through this party. He is interested in specific news, and is interested in specific trends.

"In general, it is not possible to separate politics from the press, because the press is a part of the political activity."

Mr Haykal went on to state:

"The experience of the third world in general, indeed the whole world's experience, affirms that the press is part of political life and consequently

if pluralism exists in social life, whether as a result of the redistribution of wealth or individual achievement, in a society which is going through a specific stage of growth, or in which the growth of its classes has not been fully realized, we nonetheless do not find that a number of powers exist. Rather, there is a single power. In the third world you cannot speak of the presence of a number of powers; no matter how numerous the institutions might be, there ultimately is a single authority, that is, there is no free press.

"Even in England there is no free press. No one states his view in an absolute form. Every opinion is affiliated with something, whether that is an organization or a party."

Mr Haykal then went on to talk about the journalist and his relationship to politics. He asked, or wondered:

"Who wrote Wilson's 14-point declaration? Walter Lippman. Therefore since the beginning of the century, even in American society, where the press is advanced and diverse and the major journalists are in decisionmaking positions, Lippman found himself not only close to the positions of decisionmaking, but also writing the president's 14 points and negotiating in Vietnam, or at least preparing for peace in Vietnam.

"The problem in our Arab nation is that we have a lot of words. We talk about freedom of the press and freedom of information, as if we were talking about absolutes. That is because when people are unable to act, they make up for this inability with words. The journalist's alienation from the newsmaking source is not practical. The important thing is that he not be defrauded or be a tool in the hand of the newsmaker.

"The fact is that in the third world, when we pass through stages of political development in which the dispute between the journalistic reporter and the newsmaker is not great and the contradiction between the journalist and the national authorities is not severe, and the journalist finds himself drawn into the area of decisionmaking, he must then choose where to stand. Will he stand near the tail of the authorities or the head of them?"

#### Two Different Authorities

Al-Maraghi: Mr Haykal, permit me a brief pause for reflection.

You say that the contradiction between the journalist and the nationalist authorities is not great and therefore proximity does not constitute a restriction as far as the journalist goes. But what if the authorities are not nationalistic or do not agree in their orientation with what the journalist believes in?

I can say that as I concentrate on two experiences Muhammad Hasanayn Haykal has gone through, first with the nationalistic authorities, embodied in 'Abd-al-Nasir, and second with a different style, Anwar al-Sadat's. In the two periods he worked as a journalist and to one degree or another, and for one period or another, participated in the making of many important decisions.

Haykal: As far as the first point goes, yes, I was a participant. When you are in the decisionmaking field, you cannot be mute. The nationalistic decisionmaker speaks with everyone who is around him, and the acquisition of news does not just consist of gathering news, but is also achieved when one enters in as a party to the dialogue.

The depth of this dialogue is what defines the extent of your participation. The more interested you are in the issues that have been presented, the deeper of necessity the degree of participation.

When you say, "I participated in the making of decisions," I say, as Sa'd Zaghlul did, that is an accusation I will not refute and an honor I will not claim.

Yes, I was present. I was happy about that.

However, when you speak of one nationalistic authority, and another that was not nationalistic:

I say, when it became apparent to me, or when I felt doubt about Anwar al-Sadat's intentions, I differed and alienated myself from him.

I do not consider that the power shifted on 14 May 1971; the power shifted neither in form nor in essence. That is because I differentiate between the revolution, power and trends.

The July 1952 revolution ended with 'Abd-al-Nasir's death, that is, at precisely 1710 hours on 28 September 1970. The revolution came to a halt. I hate to say that, but those are the circumstances.

The revolution ended and the authorities remained. The elements in power that 'Abd-al-Nasir left behind were different. No one should say that that happened retroactively, for reasons which have no connection with trends; 14 May was the dividing line, and what was established after that is not the proof.

At the beginning everyone supported 14 May, even Khalid Muhyi-al-Din, who later established an opposition party. He supported what happened on 14 May. Of course I cannot judge people's intentions or hidden tendencies.

Anwar al-Sadat, up to 6 October, was adequate as far as I was concerned. Then after that we differed with him.

After the separation of forces, I said that we were headed toward disaster and that we were headed toward a separate peace. I wrote that in articles I published in AL-AHRAM and they were the cause of the final break between us.

Therefore I participated in decisionmaking with the nationalist authorities -- there is no doubt about it. I believe that I have continued to be an active reporter up to now.

I took part with 'Abd-al-Nasir and after him, because I believed that war was an objective that could not stand to be manipulated. I imagined that war

was a goal that brings people together. I wrote the order of battle for Marshal Ahmad Isma'il. I wrote the speech Anwar al-Sadat gave at the People's Assembly. I helped set out the media and political plan for the October war and our position in the Security Council.

That was the last thing I did in al-Sadat's era. Then the tendencies differed and the approaches differed. I started failing to take part and speak for him, even as a journalistic reporter.

I declared my differences more than once. After the October war I wrote a group of articles under the title "At the Crossroads" then spoke my opinion in the book "Road to Ramadan." Thus I declared the dispute between myself and al-Sadat.

### The Journalist and the Minister

Al-Maraghi: Before we move on from the issue of the journalist and the authorities, I say that you passed through two experiences in this area.

A longer, broader experience, which was the journalistic one.

A brief experience which did not last a year, that of a minister participating directly in power. Through the two experiences, which had greater influence on your opinion, that of the journalist, whose task is to speak, or the minister, whose function is to act?

Haykal: I can say that that of the journalist was more influential.

For documentation, one must go back to the speech declining a ministerial position, titled "Clarification." In this document I set out the reasons for my reluctance to accept the ministerial position. That happened four times.

The first time was 1956, in the first cabinet 'Abd-al-Nasir formed.

The second was the unity cabinet of 1958.

The third was 1961, after the secession. The final one was 1967, after the war. At each of those times, I said No.

Then came 1970, when the cabinet was announced and I learned of that over the radio, without having known.

Four days after 'Abd-al-Nasir's death, I wrote a speech declining to continue. That was on Friday 2 October. There was a long discussion before the cabinet meeting, at which time the minister of state, Sami Sharaf, told me, "What do you want people to say? 'He is loyal to just one person, and cannot work after 'Abd-al-Nasir?'"

My answer was no, you are permanently engaged in executive activities, as for me, I accepted the minister's position on conditions, and for a specific person. Now that what has happened has happened, I am dissolving my vow. I am going back to my original position.

The important thing is, let me go back to the answer to the question and say:

The journalist is more important than the minister, because every decision is lacking in importance if the people do not understand and grasp it. I said earlier that the journalist's task is to gather news, present it in an understandable manner and analyze the background to it, that is, the journalist should put the reader where the news is on the general map. Therefore, I stress that no conduct is of importance unless the people grasp it and the masses are put in the total atmosphere of the news and the picture.

Al-Maraghi: Am I to understand from that that you believe that public opinion is greater than the authorities?

Haykal: Even if I did not say that -- I believe that public opinion is not greater than the authorities in terms of this view; I am against arbitrary dualities, public opinion and power -- integration of action and speech is necessary. The press is not just a matter of words; rather, it is a matter of words that can be acted on. Words in essays end when they are written. The word that expresses the truth about a state of affairs that is part of people's conception endures.

#### Freedom of Opinion and Freedom of Guidance

Al-Maraghi: Let us go back to the basic point, the journalist and the authorities. To what extent can the relationship between the journalist occupied with opinions and the authorities be a restriction on him?

Haykal: Restrictions exist within everyone. Consequently, they exist in journalistic activity as well. Regardless of any friendship or affection between the journalist and the authorities, there is a struggle between them and there is a contradiction. This is normal, because there are necessities which as far as the authorities go require that one not say everything, while the journalist wants to speak the truth, that is, to say everything.

Let me relate my experience in this area to you.

I continued to resist the notion of a press organization in Egypt up to 1960. I considered nationalization a step backward. Government ownership was something that was not looked upon fondly. Therefore, another formula was chosen which more resembled a cooperative formula. At that time the 1960 decree regulating the press was issued. That stipulated that half the paper's income was to go to people working on it and the other half to repairs and renovation, while the owner, the Socialist Union, would just keep the license.

I raised the idea of a united Arab press to reconcile the formula of ownership and the notion of independence. That was not a retreat from what I believed.

Press ownership is not feasible in the modern era, in Egypt itself or in the whole world. The British newspaper OBSERVER is a direct expression of its owner's interests.



The TIMES newspaper, up to 1940, continued to adhere to the notion of placating Germany and its editorials until after the war [started] continued to articulate that, in opposition to the general tendency, speaking for its owners.

In Egypt, my struggle with the Socialist Union was to avoid the opposite situation, which was government control or official political regulation by the government. They wanted press ownership and regulation and I demanded cooperation as a middle-of-the-road solution between nationalization and individual ownership. I suppose the search for an intermediate solution has continued to be a guiding concern among many people. After our attempt in Egypt, LE MONDE's cooperative experiment and the UNESCO discussions, which established another way besides nationalization and individual ownership, took place.

In any event, what I want to stress is that opinion is linked to ownership and that opinion in a newspaper is an added attribute; the real essence of the newspaper is the news -- what has happened.

The reporter is someone who gets the news, and that is the essence of democracy. The essence of the press is the news. You speak of the journalistic reporter. I can get by if you tell me everything that is going on, without opinions, but how can I get by on opinions alone, without knowing what has gone on?

What is current now in the press is opinions. Opinions, but no one has said what has gone on, what has happened, so that it can be commented on.

Freedom of the press is the people's freedom to know the truth of what has gone on. This subject has experienced progress in the whole world, except in the backward world, a world which does not impose a prohibition on opinions but conceals the news, that is, conceals knowledge of what goes on.

The writing of opinions in newspapers helps one to judge what is going on, but the thing with which I form an opinion on what is happening is the facts, and I must know them. Therefore, freedom of the press is related to the task of the accurate reporter who tells his reader what is going on. However, unfortunately, regimes, even arbitrary ones, do not prevent the expression of opinions; rather, they control the concealment of the news. Censorship of the truth, throughout the world, lies in the concealment of the news, not the elimination of it. Therefore freedom, in my view, is freedom of knowledge and not freedom of guidance.

Al-Maraghi: In the light of this criterion, where would you put the Arab press?

Haykal: It consists entirely of opinions. In the entire Arab world it is not permitted to deal with information or know what is going on. Rather, what is permitted is to express an opinion on everything from Mars to the smallest things; the reason simply is that opinions do not scare anyone because they are connected to the person who is expressing them, while the most dangerous aspect of the news is knowledge. News is knowledge and opinion is guidance.

## Revolution, Wealth and the Press

Al-Maraghi: Mr Haykal, let us move from the general to the specific, to the conditions of the press; from theory to application, to specific issues concerning the conditions of the Arab press. Let us take wealth and revolution and their effect on the press over the past third of a century.

The most prominent events of this third century have been a number of revolutions which were distinctive on the political, economic and social map. One other most prominent feature also has been the growth in wealth in many countries. This has been a sudden growth which has left its mark on all Arab life, from the Atlantic to the Gulf.

In Mr Haykal's opinion, which has had a more pronounced influence on the Arab press, wealth or revolution?

Haykal: Wealth without a doubt has been more influential. Revolution has an interest in getting its people in movement, even if it is sometimes arbitrary as far as the expression of opinion goes, or conceals some news, because the flow of information always remains. Revolution, as I have said, has an interest in winning over the masses. As an example of that, Jamal 'Abd-al-Nasir would address the masses with the news. His whole speech would be news, because he wanted the masses to stand alongside him.

Wealth seeks the contrary. Wealth seeks to stand alone, and the reason is clear. The difference between revolution and wealth is great. Revolution seeks participation, while wealth seeks monopolization.

Revolution consists of consequences and responsibilities and wealth consists of spoils. Therefore, the former demands participation and the latter attempts monopolization.

Al-Maraghi: But the picture seems to be different.

Haykal: The general picture is different, but it is very clear as far as the expression of opinions goes, since the orientation is in the direction of composition, without addressing the essence of what goes on. When that is the case, information decreases. This is the crisis of the Arab world and its inability to act.

The Arab press is full of opinions, exhortations and guidance; since no one knows what is going on, the masses have become isolated and have turned toward negativism.

Al-Maraghi: Do we go to excess, in the Arab region, regarding what we call state secrets?

Haykal: In the modern era, there are no secrets. After Kennedy became president of the United States of America, he made his famous statement that he was knowledgeable -- when he became president, the office of the presidency added only 5 percent to what he knew, by means of the secret agencies.

Part of 'Abd-al-Nasir's leadership was founded on the broadcasting of much of what were called state secrets. The question is, what are the secrets now? Especially in the framework of current conditions, when the Sixth Fleet can solve every code?

Mr Haykal then gave an example based on his own experience, saying:

"I worked as a journalist. I had only what I read in the papers, then got close to power and read all the secret reports of the Foreign Ministry and the intelligence services. I am now far away, but I have continued to keep up. The most dangerous thing is that the reports do not contain anything important. I say that there have been excesses regarding what are called state secrets. That is part of the priestly hierarchy of a weak state."

Al-Maraghi: I believe that the issue of information the Arab press is faced with is part of a greater issue. There is a general Arab backwardness. One characteristic of this backwardness is the failure to realize the importance of information, in terms of obtaining it, investigating it, making decisions on the basis of it or informing public opinion about it. Of the information we do have, that which is personal is the most important, and that which is connected to individuals might have a greater claim on the ruler's attention. Don't you agree with me that what the press is suffering from is part of a greater problem, and not just a journalistic matter?

Haykal: I agree on that, and say that when the authorities' greatest weapon is to conceal things from people, the logic of concealment spreads and it does not know when to stop.

There must be an awareness of the importance of information. You cannot keep up with anything properly unless you put it in its context. That can be made possible only by following up on the information.

You cannot devise tactics unless there is a strategy. The importance of information is that what is new is connected to the pattern of what went before it, and the picture is an integrated one. If I do not receive it as a pattern, the information turns into fragments and dispersed splinters.

#### Wealth and Press Technology

Al-Maraghi: Let us go back a little to the issue of the Arab press between revolution and wealth. I say that while wealth has its negative side, it also has its positive aspects. There has been a broad technological leap forward which the Arab press has witnessed recently. The basis of this leap forward has been the abundance of money. Don't you consider that this technological development has had its positive effect on the Arab press?

Haykal: Technology is a neutral instrument which serves information. The basis is information. In our use of technology we have just dabbled in shortening the time wasted. We have shortened the space of time required for conveyance of the news, printing and distribution. But what have we added to the substance and what have we added to the reader, beyond getting to him quickly?

Al-Maraghi: There is another point, which is that technology is a two-edged sword. Just as it adds conveniences to press activity, it puts a restriction on it, which is that it costs it money which requires the establishment of economic institutions. When it becomes a matter of an institution and great capital, the chance for differing with the authorities is less and the desire to satisfy them greater, due to anxiety over the institution's economic interests.

Haykal: Regarding that, again, let me go back to the issue of ownership. For the most part, the Arab media are owned by organizations. These are related to people who are among those who buy technology, and not for the goal of increasing the scope of freedom of opinion. Technology belongs to the people who use it.

Our Arab Press -- Where Is It Headed?

Al-Maraghi: In the light of all that, can we answer the question which asks "Where is the Arab press headed?"

Haykal: Before we can say that we can, we must ask where Arab politics are headed. The press is a part of politics. Every society is in movement. The crisis of the Arab world is politics and I do not imagine that I am exaggerating when I say that nothing new of importance will take place in the Arab press unless Arab politics change, unless something exists there which does not exist there now.

I can say that I cannot keep things apart from one another. Let us assume that society is developing in isolation, the law and the economy are developing in isolation, and the press is developing in isolation, apart from what is around it. That is an impossibility.

Al-Maraghi: Does that explain what has been said about the crisis of confidence between the press and public opinion?

Haykal: Because the press is a part of political life, and because political life in the third world is power, the forces of occupation, or cooperation with the occupation or the forces of capitalist society, the ordinary reader feels that the news the press offers is very close to some entity, and that is a valid feeling. The reader feels confidence to the extent that he gains knowledge through you. Here I am talking about the press in general, not about the party or religious press.

I can say that no one wants opinions, orientations or the distortion of things. The reader wants first of all to know "what went on." My experience in this has been that a reader would finish my article "Speaking Frankly" wondering "What is Haykal trying to say?" My answer is that I did not want to say anything, but I did want to make the reader aware of what was going on and help him understand and analyze. I respect my own intelligence and his.

## Egypt and the Political Pluralism

Al-Maraghi: Our conversation has almost been restricted to a single basic issue, which is "freedom" -- the press' freedom in confronting power and capital, freedom of information, freedom to express opinions and technological development.

I consider that the time has come for us to ruminate over a specific experience, that of the Egyptian Arab press in the recent period.

There now are numerous platforms and political parties, and along with them the opportunities for expressing opinions have become numerous. Don't you consider, as I do, as we are intending to talk about it, that that represents a step forward? Isn't political pluralism in any case a bulwark of greater press freedom?

Haykal: Egypt is ahead of its environment; it is ahead of the rest of the nation it belongs to because of the nature of its circumstances, but even what people do not write, the volume of what is circulated in whispers, is greater than the volume of what is published. Our condition is better than that of others in the third world, but I cannot take the freedom of the press for granted unless there is full knowledge of what is going on or at least the major portion of it. In the absence of the facts there is no freedom of the press.

## Is Print Journalism Declining?

Al-Maraghi: A final question: There is a view which holds that development of the press in the world is facing a greater challenge, the challenge of progress in means of communications and transportation. They say that a day may come when the reader will do without printed papers and will turn to visual papers, whose information he can summon up when he wants and where he wants by means of an apparatus in his home or car. The printed world will decline and the visual word will advance and expand in terms of presenting information, opinions and pictures in a manner that will constitute an entire paper at the reader's disposal, without readership. What is your view?

Haykal: Certainly the volume of what is seen is greater than what is heard or read, but that does not diminish the weight of the press that is read. What is read will continue to provide more of a picture, by means of the imagination, than what a picture can provide in terms of analysis, for example. The picture gives the external appearance of a specific situation; a reporter in television journalism might be able to round out the picture in full, but the word that is read will continue to be very important. In many countries of the world, television does not influence the press; to the contrary, the number of readers throughout the world is increasing. Television has created a broader interest. It has moved the world into an apparatus which it had not reached previously and has created numerous areas of interest.

World and Arab press circulation is increasing because television has created an interest in what is going on and has prompted people to

supplement knowledge. Crisis exists in the press when it repeats a picture, when it deals with the surface of what is going on and you repeat the picture in a lackluster way. Take for instance news about presidents. The president travels, goes to the airport and reviews the honor guard. This is all information which television transmits through pictures. Here is where the role of the press comes in, which is to shift from the surface of events to what lies beneath them, through the news.

Even if you can summon up information by means of a special household apparatus which ultimately transmits television, and continuity is not a feature of it, there is a specific time -- the written word is at your disposal, as you are relaxing or at ease. In America for example there are 24 hours of television news, but that does not make newspapers dispensable, and newspaper circulation is increasing. People want to read, and choose their time. The papers are still the closest confidante and comrade for telling you what has gone on.

The conversation ended.

The picture is now clearer. The press is now more entitled to a clean bill, and the issue of the freedom of the press is now something other people have to answer for.

The conversation ended, and Haykal resumed working on his new book, "Suez," on the occasion of the passage of 30 years since the great battle there. Haykal has gone back to his papers, which he has preferred to commit himself to, reflecting the crisis of the Arab press. The most prominent of Arab journalists does not want to preoccupy himself with the ephemeral press. For 11 years his metier has been books only, or the expression of his opinions in the form of interviews from time to time.

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EGYPT

BRIEFS

ALLEGED AMERICAN SPY RELEASED--Security authorities released an American intelligence officer who was carrying pictures of some Egyptian military installations, including the military court in Suez where Sulayman Khatir was tried, in addition to a number of microfilms. The police had arrested the American officer in a gambling den in Muhandisin and had discovered the pictures on him while searching him. He refused to hand over the microfilms and asked to call the American Embassy. A number of the embassy's military and legal advisers were dispatched immediately. They asked for his release, claiming that he had responsibilities related to security precautions at the embassy and that he would hand over the picture and films to American intelligence. The embassy claimed that the pictures had been taken by means of an American satellite. They refused to permit any investigation of the contents of the microfilm. They said that it included documentation pertaining to the American Embassy's internal operation. Security sources refuted the American Embassy's claims and were convinced that the pictures were taken from many angles and could only have been taken at ground level. Security authorities permitted the American officer to retrieve his pictures and microfilm. He returned to the United States on the first plane. [Text] [Cairo AL-AHALI in Arabic 1 Jan 86 p 1] /9599

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ISRAEL

NEW CEILINGS ON ISRAELI EXPORTS REPORTED

Tel Aviv MA'ARIV in Hebrew 22 Dec 85 p 15

[Article by Shraga Magel: "The Common Market Has Decided To Set Ceilings on Israeli Exports"]

[Text] Representatives of the Common Market have notified Israel of their intention to set ceilings on Israeli exports to Common Market nations which have low custom tariffs. This intention concerns Israel since it is the first time that limits have been placed on Israeli exports to the market.

The chief of the economics branch of the Foreign Ministry, Mordekhay Drori, said yesterday that this decision runs counter to the principle of free trade and Israel will, therefore, oppose it. Discussions with representatives of the Common Market will take place next month concerning the introduction of changes in the agreement between Israel and the Common Market, and this will be one of the subjects discussed.

The French representative of the Market, Claude Cheysson, who serves as market representative for matters concerning Middle Eastern countries, arrived in Israel yesterday. Last night, Cheysson, who was formerly foreign minister of France, met with Foreign Minister Yitzhaq Shamir. Today he will continue discussions with various ministers and senior officials who will review Israel's positions for him.

Mordekhay Drori said yesterday that the Market commission had put off Israel's request for concessions for exports of manufactured products such as vegetable and fruit preserves. A further request to extend the export seasons for several products was also postponed. On the other hand, Israel will benefit from other proposals set forth by the Market commission. Within 10 years taxes on agricultural exports from Mediterranean countries going to the Market will be discontinued, and, in any case, Israel will pay no more than the Spanish, who are about to join the Market. Taxes on flowers going from Israel to European members of the Market will be eliminated within 7 years.

Last year, Israel's agricultural exports to the Market amounted to about \$580 million.

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ISRAEL

RISE IN UNEMPLOYMENT PREDICTED FOR 1986

Tel Aviv DAVAR in Hebrew 23 Dec 85 p 5

[Article by Hayim Bi'ur: "After a Temporary Improvement, Further Exacerbation Expected in Unemployment"]

[Text] Despite a slight improvement in unemployment in recent months, stemming from seasonal factors, a worsening of unemployment is expected at the beginning of 1986. This was reported in a memorandum put out by the Institute for Social and Economic Research of the Histadrut and concerns developments in the economy since the implementation of the economic program.

The memorandum estimates that unemployment will pass the 9 percent level and will get worse, especially in terms of the development towns, which are already suffering from growing unemployment. The growth in unemployment comes from the halt in growth in production and the cutbacks in private and public demands in the economy.

The Histadrut economists say that the main accomplishment of the economic program has been the slowing of the expected inflation rate till March 1986 to 1-2 percent a month if the vigilance regarding prices is continued. The main cost of implementation of the program falls on the salaried workers. At the lowest point--October 1985--salaries dropped 25-33 percent in the business and public sector compared with the adjusted average of 1984/85. Along with this, wage increases amounting to 12 percent and tax adjustments will return a large share of the erosion, especially in the business sector.

Histadrut economists maintain that there has been a big increase in the gaps in dividing up revenues, especially because of updating credits and adjusting minimum wages in the economy.

The real high interest, which is in the range of 3-5 percent per month, the drop in demand, and the increase in the uncertainty in economic developments are bringing the economy to a standstill. The level of investments continues to drop while production hardly increases at all. So says the memorandum.

The Histadrut economists point out that despite the slight improvement in collection from independents and companies, the main burden of taxes falls on the salaried worker. The weight of salaries in income tax payments has increased substantially in the past decade. They say, therefore, that income tax reform is needed to reduce the taxes on salaries.

The memo says that the additional budget cuts will permit an easing of price controls in several sectors of the economy, though not immediately. At the current stage, we need to continue with the goal of a price freeze and a freeze on the rate of exchange in the economy.

The Histadrut economists argue that a gradual halt of the price freeze is possible if the government cuts its budget by \$600 million in accordance with the budget proposal set forth by the treasury minister. It is important, however, that the mechanism for canceling the price freeze include the following elements:

1. The stoppage must be carried out in stages and over an extended period of time to prevent a general inflationary outbreak.
2. In the first stage, price controls will be suspended on marginal products which are not produced by monopolistic corporations.
3. Care will be taken so that at every stage, there will not be a concentration of products whose components have not risen appreciably in cost in international markets.

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ISRAEL

# RESTRICTIONS PLACED ON ORGAN DONATIONS

Tel Aviv YEDI'OT AHARONOT in Hebrew 22 Dec 85 p 8

[Article by Dvora Namir: "Traffic in Organ Transplants Restricted"]

[Text] The Health Ministry has finally placed restrictions on organ donations for transplants and on accepting such donations (especially of kidneys) from donors who are not immediate family members such as parents, children or siblings. Every kidney transplant will require approval by the "Helsinki Committee" of the hospital.

Thus, hopes for Meron--a 23-year-old from Rishon Lezion with kidney disease--of receiving a kidney from a prisoner who offered to donate one of his kidneys have been dashed, even though their tissues are compatible. None of his relatives are compatible enough to give him a kidney, and his condition is serious. The volunteer donor, Amos Parlov, who is at Damon prison, presented his proposal to all those involved and waited for an answer.

Recently, several other people in dire financial straits have made requests to sell one of their kidneys to patients in need of one for \$10,000, as is done in the United States. They were turned down for moral reasons. The number of kidney transplants has dropped considerably because of a lack of donors.

The new directive of the Health Ministry is based on new procedures which the Supreme Helsinki Committee for Clinical Experimentation with Humans established yesterday. The committee the subject of organ transplants from a live donor and clearly the intention was donation of one of two kidneys. The director general of the Health Ministry, Professor Dan Mikha'eli, adopted the decision of the committee and sent out directives to the hospitals.

The Supreme Helsinki Committee will continue to formulate detailed directives concerning live donors and people who are not immediate family members such as uncles, aunts, and others. For the time being, it is forbidden to accept organs from such donors even when there is the required histocompatibility.

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ISRAEL

CHANGES IN MABAT NEWS PROGRAM DESCRIBED

Tel Aviv DAVAR in Hebrew 22 Dec 85 p 1

[Article by Tzvi Zarhiya: "A New Face for 'View of the News'"]

[Text] In a few weeks, "View of the News" will have a new opening and closing. The weather report, which is presented at the end of MABAT editions, will be shown against a background of a satellite instead of various landscapes in Israel as is shown at present. Along with the weather forecast, an animated film will also be shown about the temperatures.

The cost of the new theme music and the change in the screening of the weather forecast will apparently come to more than \$10,000 and will be drawn from a budgetary reserve in the activities branch of the director general of broadcasting. Recently, television has signed a contract to carry out these changes.

A reorganization is planned at the beginning of January in the area of coverage by correspondents in the news department. According to proposals consolidated in recent weeks by the director of the news sector, Ya'ir Stern and MABAT editor Mikha'el Qarpin, the position of correspondent for party matters will be split in two. Mikha Limor will apparently be appointed correspondent for party affairs in Jerusalem. Limor is on vacation at present and will be returning to work in 10 days. It is known that Dan Raviv who is the current correspondent for party affairs has expressed opposition to splitting the position.

According to the proposal, Dani'el Pe'er, who till recently presented the program "Reason to Celebrate," will be appointed editor-in-chief of the brief news edition at the end of the television broadcast. Ten different reporters will take turns editing and presenting this edition. The intention is to condense the content and to improve the quality of the brief news edition.

Stern and Qarpin have suggested that Hanan 'Ezer cover the Jewish world, Livni Lis serve as reporter for leisure matters, Sheri Roz be correspondent for culture and art, Tamar Moreg serve as municipal reporter in Jerusalem, Judy Lutz be reporter for educational matters, Rami Gubernik be municipal correspondent in the Dan sector, and Avi Barzilay be correspondent for police and court matters in Tel-Aviv.

Recently a fierce struggle has been taking place concerning who will be television correspondent in Washington. Elimelekh Ram, the current reporter in Washington, will be completing his term in August 1986. Three people have presented themselves as candidates for the position: Ya'ir Stern, director of the news division, Nisim Mish'al and Ehud Ya'ari.

It became known last weekend that television proposed to Tuvya Sa'ar, former director of television who left about a year ago, that he host the show "A Reason to Celebrate." This happened after Daniel Pe'er quit hosting it. Other possible people mentioned for the job include Yaron London, Dudu Topaz, Rivka Mikha'eli, and others. The decision will be made soon.

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LEBANON

MUSLIM RELIGIOUS LEADERS VIEW FUNDAMENTALIST TRENDS

Doha AL-'ARAB in Arabic 12 Dec 85 p 6

[Article by Manar Baras: "An Important Dialogue on Lebanon's Present and Future: How Do Fundamentalist Islamic Trends View the Situation in Lebanon?"]

[Text] Al-Shaykh al-'Arifi: "Islamic Resistance single-handedly forced the Israeli enemy and America to withdraw and retreat."

Al-Shaykh Arqadan: "Tripoli's Muslim experiment disturbed everybody."

Al-Shaykh Harmush: "We oppose the civil war."

Al-Shaykh Hamud: "There is no problem in the alliance between political forces in Sidon."

Al-Shaykh Baltah: "The Zionist presence in the south is like a cancer, and it is spreading everywhere."

The Islamic trend--the fundamentalist trend in particular--has grown noticeably in recent days, and it has been able to capture the limelight as well as people's attention after a number of significant indicators of its growth became evident. It adopted, for example, the Islamic Resistance in the south, called for an escalation of that resistance and refused to recognize the red lines. The Islamic trend has had an experiment in Tripoli through the Islamic Unification Movement and other Islamic organizations. [Besides], no one can ignore the political and military clout that some Islamic organizations have in West Beirut. These organizations are claiming responsibility for kidnapping operations that involved Americans, French and Soviet citizens as well as some Lebanese Jews.

All this impels us to examine this phenomenon closely in an effort to shed some light on its real magnitude and become familiar with its political and ideological modes of conduct. We also wanted to have a thorough understanding of its objectives. It was for that purpose that we decided to interview some of the leaders of Muslim movements in Lebanon, specifically, in Tripoli, Sidon and Beirut as well. These movements have their headquarters in those cities where

they play an active role. We talked about a variety of different subjects with the men we interviewed, and we touched upon the experiment in Tripoli and the status of Sidon, since Sidon is considered both the gateway to the south and its capital. It is in Sidon where the foundation of support for Islamic groups broadens. Beirut was not excluded from our conversation in which we also talked about a few important issues that have to do with the general situation in Lebanon and the situation in the south in particular.

We interviewed five leaders who are members of different Islamic movements. They are: al-Shaykh Muharram al-'Arifi, secretary general of the Islamic Front; al-Shaykh Salah Arqadan, political officer for the Islamic Group in the south; al-Shaykh As'ad Harmush, political officer for the Islamic Group in Tripoli; al-Shaykh Mahir Hamud, member of the Muslim Scholars' Grouping in Lebanon; and al-Shaykh Muhammad Wali Baltah, chief of the Department of Religious Trusts in Sidon.

#### The Islamic Front

The first interview was with al-Shaykh al-'Arifi, secretary general of the Islamic Front, an organization that includes other Islamic movements and groups. Al-'Arifi spent a long time in Ansar Camp and then in 'Atlit Camp after being arrested by Zionist occupation forces. The text of the interview with him follows.

[Question] What is your explanation for what is happening among Muslims in Lebanon or among Lebanese nationals in the country?

[Answer] Everyone knows that it's been the Islamic phenomenon and the Islamic Resistance in Lebanon that assumed a strong and unyielding position against the Zionist and American enemy. That is why what is happening today in Lebanon and Palestine is the manifestation of an infernal plan to destroy the Islamic Resistance and railroad capitulatory solutions to the Lebanese and Palestinian questions. But based on my experiences with the Islamic Resistance, these plans will not be able to destroy it. The resistance will survive, and it will maintain its course until it achieves its objectives.

[Question] Arab and Islamic sentiments against Israel's presence have been aroused, and that has been evident in Egypt, on the West Bank and in Gaza. How would you explain the surge in such sentiments and the effects they would have on the Arab situation in general?

[Answer] It is a fact that any strong position taken against colonialism and its plans and tools is interpreted by colonialist and Zionist intelligence as insanity, extremism, terrorism and things of that nature. The Egyptian soldier, for instance, was accused of insanity.

[Question] Has the national resistance phenomenon affected the recent Arab awakening?

[Answer] I believe it was the Islamic not the National Resistance that affected this awakening. In my opinion, the National Resistance was nothing more than slogans and cheers, but it was the Islamic Resistance that turned these slogans

around and put the Islamic principles of fighting for the cause of God into practice in Lebanon and elsewhere in the world. These principles were emphatically and clearly manifested in Lebanon in the opposition that was mounted against the Marines and the aggressive Jewish attack on our country. There is much evidence of this opposition, and you know that when our country was invaded, some people fled; slogans were forgotten; stores were shut down; and merchants fled. And you can go back and read history and check events. But then the Islamic Resistance launched its opposition. Who was it that issued the formal legal opinion forbidding doing business with the enemy? And who was responsible for the demonstrations and uprisings against the enemy? Who was it that destroyed the base of American espionage in Beirut and the base of Zionist espionage in Tyre? Who was it that destroyed other enemy bases as well? Who was it who said I will not be shaking the enemy's hand because shaking his hand implies recognition? Who was it that assumed strong positions against those people? When we review recent history, we find that it was the Islamic Resistance and its scholars who assumed these strong positions.

[Question] The West is accusing you of terrorism. How would you respond to that?

[Answer] Colonialism considers everything that contradicts its ambitions terrorism. This is an old issue; it is not new. We can find instances in the past when criminals, tyrants and oppressors accused freedom fighters of terrorism. Accordingly, such an accusation is normal in this day and age. We do wonder, nevertheless, how scholars and freedom fighters can be accused of terrorism when they are defending their own rights. When we fight in Lebanon to destroy American and Zionist plans, we are defending our rights.

We are seeking freedom in this country. We do not want anyone to rule us, and we do not want any foreign country to control us. When we defend our rights, colonialists view our actions as terrorism. But how can we be accused of terrorism when Zionism is playing havoc with our land? How can Zionism and America not be accused of terrorism when they are the ones who are killing people and behaving like pirates when it comes to our people's rights? The fact that U.S. fighter airplanes intercepted an Egyptian airplane is the best evidence of that. Why is it that the superpowers who are employing all their power and all their energies to divide the world and keep it under their control not accused of terrorism?

If defending one's rights, one's country and one's religion is terrorism, so be it. We will lead the way for those faithful and devoted terrorists!

[Question] But the violence affects innocent people.

[Answer] We oppose the kidnapping and killing of innocent people. Our opposition is directed against aggressors only. We have to protect ordinary people whether they are Muslims or not, and we say this because that stems from our humanitarian Islamic principles. Islam is not only for Muslims, but it is for mankind; God Almighty said, "We have sent you forth as a blessing to mankind" [al-Anbiya': 107].



## An Interview with Arqadan

The second interview was with al-Shaykh Salah Arqadan, political officer for the Islamic Group. The conversation during the interview dealt with the outcome of the battle of Tripoli, a city that is considered the center for these trends' political and military clout. The text of the interview with al-Shaykh Arqadan follows.

[Question] Some people have called for the Tripoli experiment to be applied to other Lebanese regions. Do you approve of that?

[Answer] The experiment that was carried out by the Unification Movement in Tripoli was separate and different from any other experiment in Lebanon, but there is also no doubt that much has occurred and numerous excesses were committed. At the same time the consensus is that these events and these excesses were not sufficient justification for what happened in the city. All the justifications that were used for the war against Tripoli can be found elsewhere in Lebanon on a broader scale. Beirut, for example, has turned into a jungle of armed forces and agents working for the East, for the West or for Israel's Moussade. Some journalists and correspondents have even been murdered, and members of diplomatic missions are subject to attacks and kidnappings. No one--and that includes no one working for the state, for other countries, organizations or parties--has been able to find out who the perpetrators of these acts are. And in spite of this war and of the events that took place in Beirut, no one has called for revenge against the criminals; no one has called for action to put an end to their activities and restore normalcy. The Lebanese Forces' and Phalangists' hegemony in other areas and in the areas they control is much greater than that which was in Tripoli. Other forces dominate the south and other areas as well. Each group that controls a part of Lebanese territory establishes its hegemony over it and prevents others from taking action and speaking out in that area. But it seems that Tripoli's Islamic experiment was unacceptable to many countries, especially Israel, because Israel understands quite well that the Islamic movement and the Islamic Resistance do not divide; they unite.

This means that the Islamic Movement in Lebanon is paying for the war of liberation against Israel and against Phalangist hegemony.

Actually, we had hoped for a political approach to the problem in Tripoli. Months ago, all Muslim officials we met in the city were willing to go along with that approach, and I personally conveyed the Muslims' wishes to George Hawi, secretary general of the Communist Party, 2 months ago when I met him in Damascus. I told Mr Hawi, "The parties in the Islamic Coalition would like to sit around a round table with the parties of the National Movement." Mr Hawi then said, and that was printed in AL-NIDA', the Communist Party's newspaper, "We respect Islamic groups, and we consider our relationship with the Islamic Group to be special. We are willing to meet with the Islamic Group any time, anywhere they choose to discuss the Tripoli problem."

## Sidon and Its Camps

[Question] How do you view the future of the situation in Sidon, particularly in light of persistent rumors about the possibility of clashes there?

[Answer] We have been reassuring everybody, and we've been telling people that nothing will happen in Sidon. All parties are now involved in the National Political Council which has become a free forum where any party can define its position on political and military matters. The council then issues one political opinion, and that enables us to protect the city from the ravages of attack by Israel and its client, Lahad, just as we can protect it from domestic storms and numerous local political upheavals and disturbances.

[Question] Excesses have occurred in Sidon, and some people have considered them to be the beginning of a new war.

[Answer] In Sidon?

[Question] People are armed, and individuals have been assassinated.

[Answer] The military situation is now under control. A security police force for Sidon has been formed, and we are hoping that this security force will be the only one for the city. With the cooperation of Islamic groups this police force has been able to control the situation: security is under control, and so is the appearance of armed people in the city. It may therefore be said that the atmosphere in Sidon is normal and that the barricades are regulatory; they have been coordinated and agreed upon.

The assassinations you referred to occurred in 'Ayn al-Hulwah Camp. It became evident to everyone after these incidents were investigated that they were the final episodes of internal disputes that were sometimes tribal in character; other times they were organizational in nature. But they have nothing to do with the excesses that are occurring in Beirut, for example.

[Question] There are fears that a new war may break out in the camps in Beirut and Sidon. Do you share those fears?

[Answer] Yes, I do because these fears are justified, particularly since these wars were fought in the camps of Beirut and south Beirut. But as far as Sidon specifically is concerned, people are being informed and the problem is being dealt with. This process is based on the adage that regarding the Palestinian problem and the Palestinian presence, an ounce of prevention is better than a pound of cure. This process is being carried out on the highest levels. And there is agreement with Syrian leaders regarding the camps in Sidon.

[Question] There is a development in security on the Kafr Falus Front across al-Mayr--Lib'a as a result of preparations that are being made by the client, Lahad, to invade the area east of Sidon. What do you have to say about that?

[Answer] There is no doubt that the client, Antoine Lahad, would like to carry out an adventure that would make him stand out as the Christians' savior in this area. This adventure that he is seeking, and Israel is encouraging him to carry it out, is nothing more than propaganda and an exercise in oneupmanship. There are numerous explanations for that, but the most important one lies in the Israelis' unwillingness to fight anyone. They proved that in the events that took place in Mount Lebanon, in al-Kharrub region and east of Sidon. Although Lahad was one of the most important factors in the recent war in Sidon, he

withdrew. Also Islamic and national parties are not so weak as to allow Lahad to deploy his forces or advance toward the city just like that. The third reason may be found in the local, regional and international equations we see. Efforts are being made to find a peaceful solution to the Jazzin question and to reach an understanding there because as a Muslim party we refuse to allow the Israeli plan to resettle Christians on the border strip to be carried out. Christians who would be resettled there would then become a human barrier between a state that is hostile to Israel and attacks against Israel by the Islamic Resistance which has pledged to continue its efforts to liberate the country and to fight its way into the holy city of Jerusalem.

Al-Shaykh Harmush

The third interview was with al-Shaykh As'ad Harmush, a Muslim activist in Tripoli and the political officer for the Islamic Group in that city. The interview with al-Shaykh Harmush touched upon some of the prevailing political issues in Lebanon. The text of the interview follows.

[Question] You are being accused of opposing a settlement to the Lebanese crisis or opposing an agreement with other parties. Why?

[Answer] The fact is that as an Islamic movement which has a presence all over Lebanon and plays a major part in the Islamic Resistance, we have been proposing Islam as a cultural solution and an alternative to proposals which have been advanced for humanitarian, political and military considerations. We are continuing to propose Islam as an alternative, and we will continue to do so in the future. We affirm the belief that Islam ensures the ideal solution for all mankind, not just for the situation in Lebanon. We are the ones who understand the peculiarities of the Lebanese situation and the international equations; we do not try to gather the harvest before its time. But it is incumbent upon us to lay the groundwork for the Islamic plan.

Although the strategy we are proposing is Islamic, what we do on a daily basis does not stand in the way of a settlement to the Lebanese crisis. As we see it, the only goal of the ongoing civil strife is to drain life out of Lebanon and Lebanese society, and that includes Muslims. The only people who stand to benefit from the civil strife are the Israeli enemy and the superpowers in the world. Accordingly, we support any solution that would put an end to the ongoing cycle of violence in Lebanon. As Muslims we do not think that such violence serves the Islamic proposal and the interests of mankind, particularly since we are enjoined by Islamic law to preserve man's dignity, regardless of his religious persuasion. That is why we support any solution that protects human life.

[Question] Does this mean that you do not oppose the settlement which has been proposed?

[Answer] Not at all. We do not oppose the settlement provided our Islamic positions are preserved. We are striving to make such a settlement succeed especially since what is required is an end to the cycle of violence. We hope that the agreement would become a step toward a total settlement of this tormenting situation which people in Lebanon have been experiencing. Nevertheless, we

are saying that we have not yet had any comprehensive or integrated solution anywhere in Lebanon. Consequently, these agreements tend merely to palliate existing conditions. We will make every effort to move closer to implementing the articles of the agreement. We will make every effort to make that agreement succeed because we are extremely concerned about the security of our areas, our families and our people. We want the Syrians to help us move the Lebanese crisis in the right direction.

Al-Shaykh Mahir Hamud

Among the interviews that were part of the investigation we conducted to find out the positions and aspirations of the fundamentalist Islamic trend in Lebanon was an interview we conducted with al-Shaykh Mahir Hamud, member of the Muslim Scholars' Grouping. The text of the interview with al-Shaykh Hamud follows.

[Question] How credible is the Damascus agreement, especially with regard to the question of taking weapons away from people and giving them the freedom to engage in political activity?

[Answer] Things are going well in an orderly fashion in that regard. I am talking about the agreement between Islamic leaders in Tripoli and Syrian leaders. We think that those leaders, chief among whom is al-Shaykh Sa'id Sha'ban, are communicating daily with each other so they can correct any bad step that might be taken regarding that agreement. Heavy weapons have been collected, and I do not think that a large amount of those weapons, if any, has been hidden.

[Question] Do you think this agreement can be applied in other areas of Lebanon where there is tension?

[Answer] Yes, it is possible to do that without a battle, and I think it will happen. At any rate Tripoli was separate and different from other cities because of its political direction, particularly since Muslims there do speak up. Muslims in Tripoli have an actual, not a nominal Islamic coalition, and that coalition which abides in principle by the provisions of Islamic law, has held a position of distinction in the city. Therefore, I think this situation did set the tone for a different battle, but I do not think that such a battle--the way it was played out and came out--would happen anywhere else in Lebanon. It may assume other forms, but I do not think that would be likely. According to reports from informed sources, the deterrent forces will soon be in Beirut. But as far as Sidon is concerned, there is no problem to start with. Everyone approves of that, and no one objects to it. The eastern district and the al-Barbarah border continue to pose a problem as far as an agreement in Lebanon is concerned.

[Question] Some media agencies are talking about secret conflicts between political parties in Sidon. How true is that?

[Answer] Civil strife and internal disturbances will stay far away from Sidon, God willing. Nothing that is being reported by the hired media is credible. Sidon does not have different political trends; Sidon is a city where, despite intellectual and ideological differences, there is unanimous agreement on a

specific political course. Everyone in Sidon agrees about the red line that no party can cross, and everyone agrees that coordination is a must. In addition, Sidon is considered a small city where outsiders have no influence, and that keeps the situation from becoming explosive.

### Good Intentions

The last interview was with al-Shaykh Muhammad Dali Baltah, representative of south Lebanon's Mufti and chief of the Department of Religious Trusts. The text of the interview with him follows.

[Question] Can you tell us something about your visit to Tripoli?

[Answer] We were basically charged by His Eminence al-Shaykh Muhammad Salam-al-Din Jalal, Sidon's mufti, to visit our Muslim brothers in Tripoli and convey to them the feelings of their fellow Muslims in Sidon. He also asked us to convey his sympathies with fellow Muslims in Tripoli, that steadfast city which is fighting for the cause of God. We visited all parties in Tripoli, and we relayed those greetings and sentiments to them. We found out from them the facts about the existing situation in Tripoli. All parties expressed their good intentions about the restoration of normal life to that city; they want Tripoli to regain its natural role and carry it out in the best possible way, God willing. We were not influenced by the destruction we saw of the city's buildings because we found that people there had a firm resolve. This is what made us forget the grief and sorrow we felt when we saw the destruction and the void which befell that city. We all know that mankind has the power to build, and that ability was evident in everyone we saw. We heard that resolve expressed by everyone with whom we spoke.

[Question] Couldn't such a battle and all the ruin, destruction and death that resulted from it have been avoided?

[Answer] I liked something that Rashid Karami said. He said what happened is over and done with. What we have to do now is get control of the situation. Looking back only aggravates the situation and opens doors that have been locked and that we hope will stay that way. We will open those doors, God willing, when we reach a result. Everyone has expressed his willingness to go along with that.

[Question] What about the credibility of that agreement and disarming the people? What about the atmosphere in the city in general after this agreement was made?

[Answer] I believe that there will be a period during which the aftereffects of the previous period will be felt. These aftereffects will require a certain period of time before the problem, which is not insoluble, can be eliminated, given the fact that intentions are good. All the Lebanese people want people to lay down their arms in all areas, not just in Tripoli. We in Sidon also want weapons to be withdrawn from the streets, and we want to live in security and stability. We must have that everywhere in Lebanon.

But we cannot yet make a judgment on the agreement because we have not been to Tripoli for a long time. We visited Tripoli only 2 days ago, and during those 2

days we were not able to form a complete and total picture of the situation. To do that we need to reside in Tripoli. However, what we did realize and achieve and what we found to be comforting is the fact that people's intentions are good. With good intentions all problems will vanish, and individuals who will not fall in line will be few. The Lebanese people are worn out, and people are looking for security and stability. A person cannot raise his children in such an atmosphere of anxiety and fear. We believe that weapons must be pointed at Israel. It is true there are problems, but these problems amount to nothing more than a virus which attacks a certain part of a person's body. Israel's presence, however, is like a cancer that affects the entire body. We can tolerate a disease, but we have to confront the cancer of Israel.

[Question] What do you think about the Tripoli experiment being applied in all areas of Lebanon with regard to the Damascus agreement?

[Answer] Lebanon and Syria are twins, and each is a natural extension of the other. We hope this agreement will become final this time, and we hope it will be credible because Lebanon has not had such an agreement before. Lebanon has had many agreements, but these quickly vanished. I don't think there is an official in the world who did not visit Lebanon, nor do I think that there is any mediation effort that was not attempted in Lebanon. But none of these mediation efforts or delegations which came to Lebanon had any credibility. This time we hope we will have credibility and that we have an agreement in fact as well as in spirit.

[Question] The situation in Lebanon, like the tide, is in a state of flux. There is optimism sometimes and pessimism other times. What do you think about the future of the Lebanese crisis?

[Answer] After 10 years of the crisis the general feeling among citizens is one of despair. Optimism is secondary. But life without hope can be confining and gloomy! The results of the tri-partite committee's meetings are about to be announced. Since this is the case why not be optimistic? I am hoping that everyone will meet the required standard.

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PALESTINIAN AFFAIRS

MAJOR RESISTANCE FIGURES SUMMARIZE THEORIES, ANALYSES

Habash Considers Schism Threat

Abu Dhabi AL-ITTIHAD in Arabic 28 Dec 85 p 11

[Interview with George Habash, PFLP head, by Taha al-Nu'man]

[Text] The Palestine cause is the most serious, important national program in modern Arab life. Its stumbling or retreat casts its shadow and heavy gloom over all the foundations of the Arab countries. It is also an "Arab nationalist question" as much as it is a "Palestinian question." When we seek to interpret the circumstances surrounding the Palestine cause and the Palestine liberation struggle today, and try to fathom the actual causes that obstruct the continuation of the old impulsive rush and initial take-off, we find people saying that they are the "bad Arab situation," people saying that they are "Palestinian fragmentation and playing of politics" and a third group of people adding to that that they are the "unsuitable international situation."

After thinking at length about the conditions and circumstances and the situation the cause has come to, and after lengthy discussions among influential Palestinian and Arab intellectual and political figures, we picked up the "key to the puzzle," which we found in the "absence of Palestinian national unity." When people part, it is easy for the four winds to swallow them up, one after the other; then, as it is said, things "develop from within themselves." We raised the issue of Palestine national unity for the sake of a number of conversations among Palestinian leaders of various orientations in Damascus and 'Amman, opening AL-ITTIHAD's pages as a forum for a discussion which it is difficult to put under a single ceiling, because of the rifts and polarization. The response to this dialogue constituted proof of the importance of national unity and everyone's desire to have the vision of this unity realized, although intellectual premises and conditions have differed, or, at times, come closer together.

Participating in these conversations were Dr George Habash, Sa'id Musa (Abu Musa), Khalid al-Fahum, Nayif Hawatimah, 'Abd-al-Muhsin Abu Mayzar, Ibrahim Bakrah and Khalil al-Wazir (Abu Jihad). We will publish them subsequently in this order (which is unintended); this in fact was the order in which these meetings were held.

It has been our intention in this discussion only to raise the Palestinian banner, which is the banner of the whole Arab nation and its aspiration toward a brilliant Arab future.

The opening chapter of our conversations on national unity was with Dr George Habash, the secretary general of the People's Front for the Liberation of Palestine, to whom his comrades are pleased to give a nickname drawn from his profession as a doctor; they call him "the wise man." Habash is a calm person on the surface and turbulent and disturbed within, rejecting without grumbling and generally appearing smiling and optimistic.

We told him, "AL-ITTIHAD has come to you seeking to grope its way along the alleys of 'Palestine national unity' and sense if there is any hope." He said, "It would be wrong for us not to strive for national unity, but it would also be wrong for us to forget that national unity is founded on bases, principles and goals." It was as if he thus wanted to abbreviate the whole conversation, whose text is as follows:

AL-ITTIHAD: In your political writings, you make the statement that the crisis the Palestine Liberation Organization has been going through since the departure from Beirut has entered a new pattern in qualitative terms. Could we hear from you at the beginning of this conversation an integrated diagnosis of the situation Palestinian action has been going through since the departure from Beirut?

Dr Habash: What there is no doubt about is that the suffocating crisis the Palestine Liberation Organization has been going through since the departure from Beirut has entered a new pattern in qualitative terms with the signing of the Amman agreement. We say qualitative although we consider the difference between the agreement and the stage that has followed it, and the agreements and numerous stages the revolution passed through over 2 decades of time, to be great and serious.

The Amman agreement, specifically or with the serious concessions it has included, has meant neglect of the phased Palestine Liberation Organization program, the program of the return, self-determination and the building of the independent national state, and its replacement by the program of Washington and Israel known as the "Jordanian option." You know that the 'Amman agreement has frustrated the call for the independent state and has made self-determination contingent on confederation with Jordan, which entails a diminution of the national rights of our people, which the whole world, except for the United States and Israel, has acknowledged.

Dr George Habash went on to say, "The agreement also includes abandonment of the principle of unity of Palestinian representation in the context of the Liberation Organization. This is the principle which took unremitting effort and cavalcades of martyrs before it became possible to obtain recognition for it from the world in various fields and circles, and it has been replaced by the principle of partnership with Jordan, which certainly, in the framework of continued concessions, will lead to the principle of delegation and acting by proxy.



"You know that our successive national councils and the resolutions of the Arab summits since that of Rabat have stressed the principle of 'unity of Palestinian representation' in the context of the organization, not to speak about international bodies, regional organizations, the nonaligned movement and the Islamic Conference.

"The Amman agreement, in its gist, means a start toward inducting the executive leadership of the organization into the crucible of American solutions. Prior to this date, it was in harmony with these plans, but now it has been inducted into them and is trying to adapt itself to their conditions.

"In this sense, one can say that the signing of this agreement, in the Palestinian context, means the collapse of the leadership which signed it and its inability not only to continue with the revolution but to preserve its gains as well. This places a special responsibility on the shoulder of the national and democratic forces for staying the course and seizing the reins of the initiative. While some people on the Palestinian or Arab stage consider it a likely possibility that this leadership will return to the right road after it has come up against the obstacles and debilitating conditions from Washington and Tel Aviv, the sum total of the major events the months that followed the Amman agreement have witnessed indicate that this leadership insists on continuing along the same road.

"In spite of the cancellation of Murphy's meeting with the joint delegation and the cancellation of the London meeting, and before that the Zionist raid on the organization's forces in Tunisia and the devastating American-Israeli campaign against the Palestine Liberation Organization, in spite of all that, this leadership has stressed its adherence to this political option.

"The Cairo declaration, the meaning it contained and the serious political significance it bore emerged to constitute the first proof of the current executive leadership's adherence to this political option. After that came the Baghdad meeting, which established the 'Amman agreement and the Cairo declaration, to impose additional significance on that. The deceptive balloons issued by the meetings of the illegitimate central council in Baghdad and elsewhere have not been able to hide their proponents' defeatist policy."

AL-ITTIHAD: You have diagnosed the crisis from your point of view, Doctor, but we are aiming, through this conversation with you and with the other Palestinian leaders, at finding our way toward solutions and ways out of this crisis, to bring Palestinian national unity to its former state. What is the way toward that end?

Dr Habash: As is clear from earlier in our conversation, the crisis has entered a new pattern in qualitative terms since the signing of the Amman agreement. As we think of solutions and ways out, this means seeking "qualitative" answers as well to the challenge that stands before us all.

In our diagnosis of the treatment of this crisis, we can distinguish between two levels of treatment. The first, the long-term, is embodied in the need to change the "social" structure of the leadership of the Palestinian

revolution so that the democratic forces will represent the main element in the leadership of the organization, in a manner which will enable it to prevent any excesses or deviation. This does not mean that there is no place for the "rich class" in the revolution. We still believe in a national role for this class in the Palestinian revolutionary process. However, what we want to stress is that the continuation of the former composition of the leadership of the Palestinian struggle will mean the continuation of the same platform which caused the crisis to erupt and bears the basic responsibility for it. At the very least, it means keeping the potential for future deviation in being in all cases.

Dr Habash went on to say, "This treatment requires serious thought regarding the future of the revolution from the democratic forces, along with their responsibility for getting out of the crisis, and they must hasten at once to prepare themselves to transcend the crisis the organization is going through, the crisis of the revolutionary alternative, which was not well worked out after the reins of initiative were abandoned.

"What I would like to stress again is that we did not incidentally propose this 'understanding' after the current crisis the organization is going through. Rather, this was our view after the front's fourth conference in 1981.

"Getting out of the crisis in this sense, the long term, is a long process of struggle which will require effort and perseverance.

"As for the remedy over the current term, that is, now, we consider that the suitable way out of the crisis is for the Liberation Organization to struggle to get back its national policy.

"Struggling to realize this goal requires struggling to mobilize the broadest Palestinian national ranks on the basis of fighting to bring down the Amman agreement. There will be no national unity on the basis of this agreement and no salvation for the organization unless it is brought down. The realization of unity in national ranks is the mechanism for realizing the most comprehensive national unity for our people.

"Above and beyond that, we are adhering to the call for national unity in the field among all nationalists of all forces in order to strike at the Zionist enemy in the occupied nation, bring down the scheme of joint internal administration and protect the Palestinian fighting men in Lebanon, to preserve the second pillar of our revolution outside the occupied territory."

AL-ITTIHAD: These are the basic principles of national unity as you view them. However, we also ask about the practical possibility, that is, the executive aspect of these ideas. You propounded the call for the people's conference some months ago as a way out of the crisis and as a means for the organization to regain its unity. What has been the destiny of this initiative?

Dr Habash: Let me take this question as an opportunity to describe some of the circumstances surrounding our proposal concerning the call for the

"people's conference." We believe that the people's conference is only a step on the road to bringing the organization back to its national policy, on the basis of bringing down the Amman agreement and closing off the path of deviation. This is not the end of the road in this area. We do not believe that the mere holding of the conference will mean bringing the organization back to its national policy.

The goal behind the idea of holding the people's conference was to say that in the face of the deviationist policy the executive leadership in the organization had pursued, which had almost reached the point of entering into a separate solution, and the meeting with the American emissary who came to make preparations for direct negotiations, in the face of all this, it was necessary to state that this policy did not represent our Palestinian people and their fighting forces and that this policy represented a blatant violation of the Palestinian national program and the resolutions of our legitimate national councils.

Our conception of the people's conference is embodied in the meeting of all the national, democratic and people's forces and organizations and well known national figures so that they may state their opinion regarding the policies which have run so counter to one another that they contradict the goals and aspirations of our people, and so that a body can emerge from among them which will follow up on all the possibilities our people, our revolution and our cause face, especially if negotiations are started with the American emissary preparatory to direct negotiations.

Of course, there are people who believe that the national council is the body which is suited to this task and that it is necessary to refer to it. We oppose this view and believe that the national council, by virtue of its nature and structure, cannot be considered a suitable body for this purpose. You know that by virtue of the policy of dominance and monopolization which the executive leadership in the Liberation Organization has pursued over the years, the legislative and executive institutions of the revolution have been constructed in accordance with the leadership's criteria, in a manner which is not in harmony with the nature of the actual balances of forces on the Palestinian stage.

In the framework of the lack of an opportunity to carry out free, clean elections among our people, the option we advocate if the conditions for this are present, we have the right to call all Palestinian nationalists to meet in the framework of a people's conference to state their opinion on what has happened and is happening and to take the steps necessary to stop the deterioration.

Contrary to what some people believe, this invitation is still in force, because the causes which led to it are still in force, since, in spite of what could be called "the stagnation of political activity in the region," the possibilities for a resumption of "American activity" for convening the table of direct negotiations still are in force and the sequence of concessions the current leadership is offering, which require a step of this kind at the appropriate time, are still continuing also.

AL-ITTIHAD: Could you tell us about the difficulties which have prevented the holding of this conference up to now?

Dr Habash: It is possible to say that the essence of the problem can be summarized in some people's belief that this conference should declare an alternative Liberation Organization or that the people who meet should say that they constitute the Liberation Organization, and, in the face of that, other people's fear that this conference will be turned into a final schism.

I would like to stress that we of course, up to this moment, refuse to proceed toward the establishment of an alternative or parallel Palestine Liberation Organization, because the method of this approach will lead to the presence of two organizations. This will result in the loss of Arab and international recognition, which is the most important thing our people and revolution have achieved in the past years. You know that there are forces and organizations which have been compelled to recognize the organization, there are forces that are hesitant and wavering in this regard, that any sanctification of a schism will prompt these parties to retreat from their previous recognition, and the organization will consequently lose part of its major armament in confronting the scheme against the people and the cause. However, while we are still articulating adherence to this position, I would like to stress, through your newspaper's pages as well, that we will not allow the people who offer concessions subsequently to speak in the name of our people and the Palestine Liberation Organization if the meeting with Murphy or the Zionist enemy in particular is held. At that time we will be compelled to say that we are the "Palestine Liberation Organization" and that we are the force that is the most faithful to its national program and the resolutions of its legitimate national councils.

We are afraid of a final schism. We are trying to prevent it from happening. The matter is not just in our own hands in this regard. The important thing is that the others also act with the same responsibility.

He added, "Above and beyond that, there are some secondary obstacles and impediments, but the basic problem is represented by what we have said. Under absolute conditions, we consider that these obstacles will not stand in the way of our raising the appeal, and we will continue the struggle to reduce them and overcome them so that we will bring about unity in Palestinian ranks and our people will have their decisive say regarding the policy and platform of deviation.

AL-ITTIHAD: Excuse me, Dr Habash; let me ask you a question I have not asked of the leadership I met with so far. What about the future of your presence on the Lebanese theater? How do you view your role there?

Dr Habash: Proceeding from our conception of the status of the Palestine revolution, which states that it is founded on two basic pillars, the first within the occupied territories, embodied in our people's struggle there, and the second abroad, embodied in the national role of the Palestinian fighting men, proceeding from that, Lebanon must remain the reserve base of the revolution and the focus of its basic center abroad, that is, in other words, it must remain an open gate to the struggle against the Zionist enemy.

We demand that all Arab gates to the struggle against the Zionist enemy be opened, and it would be most worthy for us to demand that the Lebanese gate be kept open to fight the enemy. To that I might add that there are Palestinian masses which have civil, political and social rights in Lebanon and they have the right to defend their security. Therefore, in addition, it is necessary to preserve their national fighting men on the Lebanese theater.

To that end, we are fighting from the position of alliance with Syria and the Lebanese national forces, and not from the position of clashing with them. We hope that we will be able by responsible dialogue to come up with solutions to the different problems facing our common action. On this occasion, we aspire to have our brother nationalists of Lebanon take the initiative of understanding our national presence on their territory, which differs from what was the case before 1982. We reject the method of dominance and hegemony over the national movement's decisions and do not want to use it as a card in the game of negotiations as the executive leadership in the Liberation Organization thought. On top of that we will absolutely form a comprehensive war against the excesses and dangers the masses of Lebanon and the camps suffered from in the past.

It is not permissible for Palestinian action to be viewed from the perspective of errors and excesses. It is necessary that this presence be viewed as the reserve and partner in the battles of confrontation with the Zionist enemy, who is still looming over the territory of the south and whose agents are still controlling an important part of Lebanon's territory.

The Palestinian fighting man will always be on the side of the democratic national plan, which is not in contradiction and is not permitted to be in contradiction with the Palestinian national plan.

On this occasion, I also hope that we, Lebanese and Palestinian nationalists, will all hasten to apply the Damascus agreement signed among the Salvation Front, the AMAL movement in the presence of the brothers in Syria and the Socialist Progressive Party, so that it will immediately and without procrastination come to regulate Palestinian-Lebanese national relations and deepen the alliance of the parties to the Syrian-Palestinian-Lebanese triangle of perseverance.

AL-ITTIHAD: The efforts of preparing for the holding of the coming Arab summit are going full speed ahead. The most conspicuous of these efforts is the process of cleaning the air among Arab countries, especially the Syrian-Jordanian reconciliation. How do you view this matter?

Dr Habash: There is no doubt that the opportunities for holding the summit are greater today than they were in the previous period which occurred at the time of the holding of the emergency summit in Casablanca, especially now that the Arab mediation committee has succeeded in reducing some obstacles which prevented the rounding out of the "deficient summit."

This of course does not mean that the road to the summit has now been prepared. There are a number of intra-Arab problems which still need to be solved. As you know, these are not of the kind that it is easy to break down.

The region is also fraught with various possibilities and surprises which could affect the shaping of the course of future events, among them the summit.

In principle, we are not against Arab solidarity. Rather, we call for it, on condition that it be united on the base of hostility to imperialism and Zionism. We reject that kind of solidarity by which it is sought to "pave" the way toward the American plans. Therefore, we have repeatedly declared our support for a number of Arab summit resolutions and have opposed what we had thought was harmful to our cause and our revolution.

As regards the coming summit, the most we hope is to protect the Arab cover from American plans and movements. If that is realized, we believe that the summit will be successful and fruitful. Therefore we request the coordination of Arab national efforts, specifically the efforts of Syria, Democratic Yemen, Algeria and Libya, for the sake of the coming summit, and the coordination of positions in advance.

#### Dissident Defends Breakaway Front

Abu Dhabi AL-ITTIHAD in Arabic 30 Dec 85 p 8

[Interview with Sa'id Musa, secretary general of the temporary command of "Fatah Dissidents," by Taha al-Nu'man]

[Text] The arrangement had been that I should meet with Khalid al-Fahum, the "former" chairman of the Palestine National Council, before meeting with Sa'id Musa, "Abu Musa," the secretary of the temporary command of "FATAH -- the Uprising." However, I was surprised when Abu Musa demanded an early meeting and we were compelled to ask al-Fahum's indulgence so that he could exchange his time with that of Abu Musa.

When I reached him, he met me jubilantly, telling my companion, "I met with him for many hours in Aden during FATAH's celebrations of the 18th anniversary of the launching. I talked to AL-ITTIHAD at that time, and that was the 'time of the labor pains.'"

He was in his military garb. Outside his headquarters the Rangerover vehicle was parked, with its machine gun inside it. He was as enthusiastic as I had found him to be when I met him in Aden, and of the same bitterness, indeed of a bitterness more intense than that I had heard emanating from his words when he presented the issue of the dispute and unity. He was on his way to Libya, and it was that that had compelled him to advance the time of the meeting. Herewith is a summary of the long conversation with Abu Musa:

AL-ITTIHAD: How do you evaluate the present stage the revolution and the Palestine Liberation Organization are going through? Hasn't anything new arisen in your former ideological positions?

Abu Musa: The Palestine revolution and the Liberation Organization are actually going through an embarrassing stage nowadays. In our opinion, this state is the result of the destructive policies which have dominated and led Palestinian action by dealing with the "settlement" programs related to the

Palestine cause and by establishing alliances in the Arab framework which serve these programs, such as the February agreement with Jordan, the relationship with the Camp David regime in Egypt, the Cairo declaration and so forth. There is no doubt that this, in the aggregate, has resulted in paralyzing the Palestine Liberation Organization materially and morally, whereas it had imposed its presence on the Arab and international environments in the past. It is not a coincidence that the nonaligned countries relinquished their invitation to the Liberation Organization to make its statement before the international organization. The organization leadership's overall relations and its agreements in the Arab context reflect a deterioration in the direction of a settlement of capitulation, with what that means in terms of the resulting destruction of the Liberation Organization, the liquidation of our people's national cause, and its annexation to the plans of the United States of America and the Arab regimes.

We really do not relish the situation we are going through. We indeed intend to seek solutions, but in such a way that these will be national solutions, and not an extension of the policies and programs which have brought the Liberation Organization to its present dilemma and crisis.

AL-ITTIHAD: You left the leadership of FATAH and the Liberation Organization. What have you realized in actual conditions as a result of this departure?

Abu Musa: Before answering that question it is necessary to stress two important things. The first is that FATAH constituted the backbone of the Palestine revolution and consequently any developments within it, negative or positive, will certainly be reflected on the entire Palestinian situation, which is exactly what has happened. The second is that we say that there is one FATAH, not two, and we are the ones who represent FATAH, because we are the ones who have committed ourselves and have preserved the political program, the bylaws and the premises, and it is the others who have violated the political program, the bylaws and the premises and chosen for themselves their own program, which expresses their own interests and certainly does not express the interests and aspirations of our Palestinian people and the leader of their struggle, the FATAH movement.

After that, we say that our uprising on 9 May 1983 occurred in order to stop the process of deterioration toward the settlements of surrender and prevent the liquidation and destruction of the revolution. It thus has performed and is performing its legitimate combative function in the entire Palestinian framework, especially, as we have said, since all positive action within FATAH is reflected of necessity on the Palestinian stage.

Through our uprising, we strove to establish the course and national platform in confronting the FATAH of deviation and there is no doubt that this difficult task has been and still is lying on our shoulder as the children of FATAH.

In the context of achievements, first we have firmly established the continued presence of the revolution as an armed force on the Lebanese stage.

Second, and this is a very important matter, we have prevented the destruction of the national struggle through the step we have taken, which is the uprising, since, had it not been for that step, it would not have been possible to preserve this national body, at least during this stage. We have sounded the warning bell and have hung up the bell, as a step. It has been, and still is, up to the Palestinian citizens to realize its seriousness, and the gravity of its important role in seeking to uplift the Palestinian national situation. In addition, we have created a new consciousness within the Palestinian stage which has the effect of destroying the settlement culture which has prevailed within the Palestinian situation since 1973. In this regard, also, the revolutionary fighting men are present among us and not with the other party and the alliance with the Lebanese national forces is our platform, not the platform of the other party. The alliance with the Arab national forces is our approach, and not that of the other party. In brief, we have protected the revolution and have proceeded along the road of continuing the revolution.

AL-ITTIHAD: Your first call was "armed struggle," on grounds that it is the only way to liberate the territories. Let us ask about the magnitude of the revolutionary action and military activities you are engaging in. We rarely hear about operations you are carrying out in occupied Palestine.

Abu Musa: As far as revolutionary action against the Zionist enemy and its agents goes, we have achieved something important in spite of the media blockade which we are exposed to. Although there have been no operations of a media nature, as was previously the case, we say that the hundreds of military operations against the enemy in the occupied territories are the beginning. Although they are sometimes restricted to throwing a bomb, stabbing a Zionist soldier with a knife or throwing a rock at him, in any event they will be the yeast from which the armed national struggle against the Zionist enemy will rise. With respect to the enemy's agents, especially in Lebanon, we have had an "important" role alongside the Lebanese national force in crushing the Lebanese fascist force, and everyone knows that, as happened in the battles of the mountain, the al-Shuf and Beirut.

We intend to reorganize our revolutionary institutions, which have actually enabled us to escalate our armed struggle against the Zionist enemy within the occupied territories, because we are convinced that that is the only way to liberate our national territory.

AL-ITTIHAD: You took the initiative of forming the Salvation Front. At that time, it was viewed as an attempt to create an alternative to the Palestine Liberation Organization. Don't you believe that proceeding with this step will end the possibility of restoring Palestinian national unity for a long period to come? What are the real goals of this step, and where do you now stand regarding the appeal for Palestinian national unity?

Abu Musa: The Salvation Front was formed after the Jordanian-Palestinian agreement on 11 February, after the national forces on the Palestinian stage felt that the situation had become serious and called for the mobilization of national effort. Since it was formed the Salvation Front has declared that it would try to bring the Palestine Liberation Organization back to the



national anti-imperialist anti-Zionist policy and it is open to all Palestinian national forces which are in agreement with its program. It is not an alternative to the Liberation Organization.

The Salvation Front has also stressed that it aims at "bringing down the platform of deviation and its symbols," especially since all the forces which have taken part in the Salvation Front declared, in the course of their reaction to 'Arafat's first visit to Cairo in late December 1983, that "'Arafat has lost his legitimacy and his entitlement to the Palestine Liberation Organization." We believe that what is required now, in the light of the accelerating developments, is that the Salvation Front and the other Palestine national forces opposing the "platform of deviation" must take the initiative of forming an accredited leadership for the Palestine national struggle, because we will thereby be bringing the Liberation Organization back to the national policy.

AL-ITTIHAD: Now that the Jordanian-Syrian rapprochement has become something that has in effect come into reality, how do you for your part view this rapprochement? Do you believe that it will serve the cause of Palestinian national unity and pave the way for a just, comprehensive solution to the Palestine cause?

Abu Musa: There is no doubt that we have our allies on the Arab stage, but we do not have to conform to one another as far as all positions go. Differences rise to the fore from time to time. As far as Jordan goes, we believe that it is "acting to impose a settlement of surrender on our people and our revolution, and to strengthen its relations with the United States further."

As regards our brothers in Syria, they have their own tactics. Contradiction is the characteristic which governs our relationship with the Arab regimes that are friendly to America, while opposition arises from time to time between us and the nationalist Arab countries and forces friendly to our cause and our people.

AL-ITTIHAD: You visited Tehran recently and this visit was considered in effect a "position" and newly-created relationship with Iran, although Iran has embarked on a war with an Arab country, Iraq. Could you give us an explanation of this visit? What by the way is your evaluation of the Iraqi-Iranian war?

Abu Musa: First of all I would like to stress that we are constantly calling for a stop to the Iraqi-Iranian war. This unjust war must end, because it is harmful to our Palestinian cause and inflicts very great damage in human and material terms on the fraternal people of Iraq and Iran. We are not in favor of the continuation of the war. As regards my visit to Iran, the purpose in that was to consult with the Iranian brothers on the issue of the camps and the war of the camps (Sabra and Shatila) and discuss the possibility of offering aid to rebuild these camps, especially since a large portion of our people there have been uprooted and suffered from difficult, harsh circumstances. In this regard, the fraternal Iranian officials expressed an obvious understanding of this cause and underlined their support and backing for the Palestine revolution in confrontation with the Zionist enemy and with the end of "bringing down the platform of apostasy and deviation."

We expressed our view to the Iranian brothers regarding this war and suggested to them that it had to be stopped so that the shedding of blood of Moslems would stop and powers would be provided for the great national and Islamic cause, the Palestine cause.

AL-ITTIHAD: We have heard that new rifts have occurred in your ranks, that Nimr Salih, Abu Salih, and Samih Abu Kuwayk, Qadri, have split off from you and that your movement is suffering from a state of fragmentation and schism. What is the truth about this information?

Abu Musa: Like any political movement which is going through difficult, complicated circumstances, some issues arose over which there was a dispute and from one standpoint these reflected a disruption in the understanding of the nature of the revolution and the importance of its continuing on a new course different from that which prevailed in the previous period. This false understanding became prominent among a limited number of brothers in the command, specifically our brother Abu Salih (Nimr Salih) and our brother Qadri (Samih Abu Kuwayk), which led to a decision in which our brother Abu Salih was asked to suspend his activity. Our brother Qadri recently withdrew from activity.

By the way, this is something ordinary, things like it occur in all political organizations, Palestinian organizations in particular, and no commotion arises over it like that which arises when something of this sort occurs in the FATAH movement. We have an explanation for this which bears first on our being the main force in the Palestinian revolution and second on our being a cause which seeks to uplift the Palestine national situation on new foundations, which is not pleasing to many people, Arabs and Palestinians.

AL-ITTIHAD: Let us go back once again, at the conclusion of this conversation, to our main subject, that of national unity. Don't you believe, brother Abu Musa, that the current situation the Palestine revolution has gone through after the experience with rifts and internecine fighting is that this situation is depriving the Palestine revolution and resistance of the most important components of its existence and survival? If you do not have confidence in the leadership, don't you have confidence in the thousands of personnel and young people who are making their way behind it? Don't you detect an important indication in Israel's attack on the command's headquarters in Tunisia?

Abu Musa: It is clear that our Palestinian people are the target of the imperialist-Zionist conspiracy, and it is natural that these people should be subject to attack by the enemy everywhere. This enemy assuredly does not differentiate between one tendency or another, because it basically has the Palestinians' political identity as its target.

As regards the possibility of Palestine national unity, we believe that there will be no possibility for national unity with "people who are not nationalists," and consequently the rule which we must base ourselves on in realizing our national unity is represented by bringing down the "platform of deviation and its symbols." Aside from that, everything can be discussed among Palestinian nationalists, although we believe that it is now desirable

more than at any time in the past to commit oneself to the Palestine national charter and resolutions which do not conflict with the charter.

### National Council Head Speaks

Abu Dhabi AL-ITTIHAD in Arabic 1 Jan 86 p 8

[Interview with Khalid al-Fahum, PNC chairman, by Taha al-Nu'man]

[Text] Our third meeting in the Syrian capital, Damascus, was with Khalid al-Fahum, chairman of the Palestine National Council in the course of eight successive sessions (from the eighth session of 1970 to the 16th of 1982) and former member of the Liberation Organization executive committee. In spite of his disputes with the Palestinian leadership, he appears more prepared to see national unity achieved, perhaps because he is an independent figure seeking a broader expression of Palestinian national aspirations. However, at the same time, he adheres to constants and foundations and defines the conditions which must be realized for national unity to be achieved.

Herewith is the text of the conversation with Khalid al-Fahum:

AL-ITTIHAD: Our first question is, how do you evaluate the current stage the Palestine revolution is going through?

Al-Fahum: I can say that the situation on the Palestinian stage is one that would gladden neither friend nor foe. As a result of the rift on the Palestinian stage, everyone knows that the Liberation Organization has become weakened to the greatest extent on the Arab stage and on the international stage, and cooperation with the Liberation Organization by Arab officials is no longer as it was 2 or 3 years ago. On the international stage, in the East or the West, even in the friendly countries, the countries of the socialist system, the Palestine Liberation Organization has less credibility. That all is the result of the rift on the Palestinian stage and the absence of Palestine national unity.

The Palestine Liberation Organization is the framework which includes the forces of the resistance movement, federations and national figures and represents all the people of Palestine, whether they are inside or outside the occupied territories. Therefore, the restoration of national unity is a basic cause, and keeping the Liberation Organization strong, active and effective is a basic matter. The Liberation Organization will endure as long as it continues to be founded on national unity. In order to restore national unity, it is necessary to stress important, very important matters, without which I doubt that it is possible to restore national unity, which would entail a great setback and defeat for the Palestinian people and the Palestinian cause.

AL-ITTIHAD: If you believe in the maximum importance of Palestine national unity in this delicate stage of the Palestinian struggle, in your capacity as the "former" chairman of the National Council, a council of which you are legally still a member, do you have a special point of view or specific plan you are thinking of for the sake of restoring national unity?

Al-Fahum (drawing some papers from the drawers of his table, leafing through them, then replying): Yes, I have specific ideas which I have set down and will present to you now as a basis for national unity.

I can say that "national unity" is not a word which we utter in thin air and is not a slogan devoid of substance. National unity in the past 20 years was established on firm foundations and bases. These foundations were embodied in the national charter and the resolutions of the legitimate national councils. By legitimacy, I mean up to the 16th session. I can say that the disruption of these foundations by any party will obstruct national unity and lead to risks which will weigh on the Palestinian stage. These foundations have in fact been disrupted by the current Palestine Liberation Organization leadership.

In order to restore national unity, bases are necessary which I can specify as follows:

First, in the Palestinian context: adherence to the organization's charter and the resolutions of the legitimate national councils, that is, up to the 16th session, because I consider that the 17th session, which was held in Amman, is not legitimate, as it is a session which was held without a quorum. We have proved this through figures and the names of the people who attended and were absent.

Second, assertion that the Palestine Liberation Organization is the sole legitimate representative on an independent basis and that there is no delegation, assignment or participation in the right of representation. We do not delegate anyone, do not participate with anyone and do not assign anyone to speak in our name.

Third, adherence to our firm national rights and our right to a return, self-determination and establishment of an independent state on Palestinian soil.

Fourth, the rejection of the Camp David agreements, the Reagan plan, autonomy and the conspiracy of an alternative nation for the Palestinians.

That is because these things I have mentioned advance the interests of Israel, Zionism and American hegemony.

Fifth, rejection of the Amman agreement signed on 11 February 1985 because it does not include the Palestine Liberation Organization's right to independent representation of our people and abandons our right to a return, self-determination and an independent state. The Amman agreement does not talk about an independent state, and the absence of an independent state means an absence of our right to return. More than half the Palestinian people have been dispossessed and the Amman agreement does not address itself to the Palestinian people abroad; it just talks about matters related to the West Bank and Gaza. The absence of an independent state means alienation of our right of self-determination, and therefore this agreement contradicts the resolutions of the national councils in the 16th session.

Sixth, adherence to the resolutions of the Arab summits which enjoyed Arab unanimity, especially the Rabat resolutions of 1974, the Baghdad resolutions of 1978 and the Fez resolutions of 1982.

Seventh, rejection of Security Council resolutions 242 and 338, because they ignore the Palestinian people's right to a return, self-determination and an independent state and deal with the Palestine issue as an issue of refugees. We hear whisperings these days about the acceptance by some leaders on the Palestinian stage of 242 or an amendment to it. This is very dangerous because it nullifies and totally destroys the Palestine cause.

Eighth, adherence to armed struggle, on grounds that that is the main form of our people's struggle for the sake of regaining their firm national rights, and condemnation of the recent Cairo declaration in which it was declared "We are waging an armed struggle here and are not struggling there." We are against terrorism, but we have the right to continue and escalate the armed struggle in Palestine.

These are the bases of national unity in the Palestinian context and the Arab context, and other bases are also necessary. I say, first of all, we must all stress and confirm that our relationship with Syria is a strategic one. We might differ with Syria but our differences must be resolved within the single family and within the single home, and our relations with Syria are ones of history, geography and politics. This is not the case at present with respect to certain leaders on the Palestinian stage.

Second, we must support Arab solidarity, we must be in favor of this solidarity and Arab relations must be strengthened. Otherwise, we will be an auxiliary factor in the splitting of Arab ranks. This is in accordance with commitment to the resolutions of the Arab summits and the joint national struggle based on resistance to the Zionist invasion, Israeli expansionism and bilateral or separate solutions. We are in favor of the consolidation and strengthening of Palestinian-Syrian-Lebanese national relations and in favor of the unity, Arabhood, sovereignty and independence of Lebanon.

In the international context I can also say briefly and clearly that the Liberation Organization, first of all in its capacity as part of the Arab liberation movement, must be very concerned with the development and strengthening of relations of alliance and cooperation with the countries of the socialist system, headed by the Soviet Union. The gamble on the United States of America, which some Palestinian leaders have in mind, is grievous and wrong. It is America that stands behind Israel and behind Zionism, as is well known. It supports it with money, weapons and all the wherewithal for invasion and expansion, coordinates with it and is allied with it strategically. Any gamble on good intentions on the part of the United States of America, Israel or the Labor Party will lead to the liquidation of the Palestine cause and fragmentation of the Palestinian stage.

We in the Palestine Liberation Organization support the holding of an international conference to discuss the Middle East crisis, whose essence is the cause of Palestine, with all the groups concerned in attendance and the Palestine Liberation Organization in attendance as an independent party on an

equal footing with the other parties, in the form cited in the July 1984 Soviet recommendations bearing on an international conference.

It is also necessary to strengthen our relations with the nonaligned countries, with the Islamic Conference organization and with the Organization of African Unity.

These are the policies on whose basis the Palestinian stage can be unified. I am not inventing anything, and this does not come out of my own mind. These are the resolutions of our national councils. Deviation from these resolutions is what has led to fragmentation on the Palestinian stage.

AL-ITTIHAD: Are there practical, serious attempts on your part, or on the part of some brothers who are commanders of some forces, to put these recommendations or ideas into effect with respect to the other brothers in FATAH and the organization leadership?

Al-Fahum: We are always working toward that. However, the others have long been alienated from the National Council resolutions, and the Palestine Liberation Organization is not an organization in a void; it must have firm foundations. We have all sworn to be faithful to the National Council's charter and resolutions. Deviation is obvious. This has come about through Yasir 'Arafat and others with him. The Amman agreement abrogates the Liberation Organization's right to represent the Palestinian people; it abrogates our right to independence, self-determination and an independent state.

In this regard, I say that I am in favor of the establishment of the best relations with all Arab countries. I am not against Jordan, I am not against any Arab country, but it is necessary also to give substance to the Palestinian personality and strengthen the Liberation Organization to liberate Palestine, and when the independent state is established we will be prepared to establish relations of a federation or confederation with Jordan, Syria or any other Arab country. When we talk about an agreement, it is not our intention to denigrate our relations with Jordan. We are in favor of establishing the best of relations with Jordan and others besides Jordan, but on the bases of the resolutions of the National Council and the Palestine national charter.

We are striving and setting out these ideas in hopes that they will meet with the greatest unanimity from Palestinian national ranks so that we will be able to restore the Liberation Organization to its unity on bases hostile to imperialism and Zionism.

AL-ITTIHAD: How do you view the Syrian-Jordanian rapprochement at this time? Do you believe that it serves national unity and the restoration of the Liberation Organization to its golden age?

Al-Fahum: In my discussion of the bases of national unity, I said that we are in favor of Arab solidarity and we are in favor of the development and strengthening of relations between Syria and Jordan, between Jordan and any other Arab country and between Syria and any other Arab country except for Egypt, in spite of our total esteem for the Egyptian people, the struggle of

the Egyptian people and the sacrifices of the Egyptian people and army, because Egypt, as a country, is still committed to Camp David, and the Camp David agreements mean fragmenting Arab ranks, fragmenting the Arab nation and placing Israel in the stronger position and consequently Israel's adherence to its expansion. Therefore, we are in favor of the establishment of the best relations between any two Arab countries or more, and we hope that Egypt will emerge from the servitude of Camp David to return as leader of the Arab nation.

AL-ITTIHAD: On the subject of the Arab summit resolutions, I would like to know your evaluation of the Fez resolutions. Do you believe that they will lead to a solution? Do you for your part see any possibility for an accessible solution appearing on the horizon of the Middle East now?

Al-Fahum: First, you know that I was the chairman of the National Council from 1970, the eighth session, to the 16th session. Before that I was a member of the executive committee. The National Council agreed to the Fez summit resolutions at the 16th session. My policy is to adhere and be totally loyal to the National Council's resolutions. I am in agreement with the Fez resolutions; the Fez resolutions as is pointed out are the "minimum" which all the Arab countries have given agreement to. In my opinion they guarantee the policy and the mechanism which will lead to the creation of a comprehensive just peace in the region.

I am not against the Fez resolutions; rather, I am in favor of the Fez resolutions, in favor of the resolutions of the Baghdad summit, in favor of the resolutions of the Rabat summit.

As for the urgent solution, that contains errors, brother, which the current leadership of the Liberation Organization and some brothers have succumbed to. This is that they have gambled heavily on the United States of America and its good intentions. Israel, as you know, is holding onto the territories, the West Bank and Gaza.

Israel is now occupying the territories and holding onto them, in the absence of strong Arab solidarity and true strong Palestinian unity; while the current leadership does not relinquish illusions about America, Israel will not be compelled to withdraw. I very much doubt that there will be a quick solution. For this reason, we call for an international conference in which the Soviets will take part because it is not enough that America be present alone and Israel be present alone.

AL-ITTIHAD: Let us go back once again to our main subject, so that I can repeat the question related to the potential of the process for restoring national unity. What actual, organizational means will lead to that? In addition, in your capacity as former chairman of the National Council, the most comprehensive framework of national unity, are you a proponent of "bringing down deviation and its symbols," that is, bringing down the current leadership?

Al-Fahum: Deviation must be brought down. There is a difference between deviation and its symbols. As I said, we cannot restore Arab unity unless we

go back to the resolutions of the national councils and the charter. Deviation must come to an end. The Amman agreement, in my opinion, has produced further fragmentation on the Palestinian stage and the neglect of our people's rights to an independent country. This is not because we are secessionists; rather, before unity, the Palestinian national personality must gain material form and the territory must be liberated, after which we will establish the unity. The Cairo declaration, as I said, is wrong, especially since Husni Mubarak announces every day that he adheres to the Camp David agreements and negotiates with Israel from time to time, at one point in Hertzlia and at another point in Cairo, in spite of everything he has faced from the Americans, the closest example of which is the hijacking of the Egyptian airplane, which was ignored. Our people in Egypt are also dissatisfied with what is going on, and the Egyptian economic situation is not a good one. Therefore we are not in favor of dealing with Egypt the country in the context of the Camp David agreements, and we hope that this regime will turn back from Camp David to lead the Arab nation, not so that Egypt will become just an ordinary Arab country but so that it will be in the vanguard of this nation.

As for the mechanism, it is necessary to eliminate everything that conflicts with the resolutions of the legitimate national councils up to the 16th session. The things that conflict with these resolutions are now well known to everyone.

AL-ITTIHAD: That is, you do not have an objection in principle to the current leadership of the Palestine Liberation Organization?

Al-Fahum: I consider the legitimate leadership to be that which emerged from the 16th session of the National Council, and the 17th session is not legitimate.

AL-ITTIHAD: However, it is approximately the same leadership, with changes that are not essential.

Al-Fahum: I object to the whole platform of the current leadership and its entire policy following the 17th session. Persons are very secondary, brother. I am very secondary, so I am prepared to work in a position as a "doorman" in the Palestine Liberation Organization. We must not tie things to people. The violation of the resolutions of the National Council has weakened the Liberation Organization. It has weakened it in Palestinian terms, it has weakened it in Arab terms, it has weakened it in international terms, it has killed the Liberation Organization, brother -- it has weakened the cause and weakened the Palestinian people.

AL-ITTIHAD: In the framework of combat, although there are numerous organizations and they have specific resources of people, armaments and material, these organizations have been accused of being turned into organizations of "talk" and of turning armed struggle into "talk about armed struggle," while we hear from time to time about certain operations our brothers on the other side are carrying out; whatever our opinion about these operations might be, what is your opinion about this sort of charge?



Al-Fahum: For God's sake, there has been a lot of talk. I agree with you on this, I am in agreement. I always call for unity among fighting men. I am against having fighting men in one force or another. Why? Because if the forces differ with one another on some issues, that does not justify a dispute among fighting men. Therefore I always call for unity among fighting men. However, I would also like to stress to you that there is an escalation of the armed struggle [inside the territories] and outside them, in Lebanon specifically. I am not optimistic and I believe that unity among fighting men is approaching, step by step, and must be realized, and the resistance in the occupied territories must escalate.

#### Hawatimah Criticizes Liberation Organization

Abu Dhabi AL-ITTIHAD in Arabic 5 Jan 86 p 9

[Interview with Nayif Hawatimah, DFLP head, by Taha al-Nu'man]

[Text] Nayif Hawatimah, secretary general of the Democratic Front for the Liberation of Palestine, is one of the most important "theoreticians" in the ranks of the Palestine resistance movement and one of the ones who formulated the Palestine Liberation Organization's tentative national program, which the Palestine National Council approved in 1974, subsequently to become the basis of all Palestinian political activity on the Arab and international stages.

Nayif Hawatimah takes an approach which he describes as "revolutionary realism." In spite of his essential differences with the Liberation Organization command, I found him the least "extreme" of everyone as far as the subject of national unity goes and the most prepared of everyone to see unity realized. He believes that struggle in a "national liberation movement" will be resolved not by "decree" but by a social and political evolution brought out through the accumulation of events over time and the experiences this movement goes through.

Herewith is a summary of the conversation which took place between him and AL-ITTIHAD:

AL-ITTIHAD: At the beginning of this conversation of ours, we would like to hear from you a comprehensive evaluation of the stage the Palestinian revolution is going through, so that we can proceed from that to discuss avenues of relief and solutions.

Hawatimah: Since the invasion of Lebanon in 1982, the Palestine revolution and the Liberation Organization have gone through a crossroads, to be or not to be. I mean, specifically, for the Palestine Liberation Organization really and truly to be the sole legitimate representative of the people of Palestine, which is the greatest means for arriving at the Palestinian people's right to return and gain self-determination and an independent state on Palestinian national soil, or not to be, because, since the invasion of Lebanon in 1982, an unremitting series of military, political and organizational operations has been going on aimed at striking, fragmenting and splitting up the unity of the Palestine Liberation Organization, to the point where it

has become possible to take away the Palestinian people's rights during this stage.

Hawatimah went on to say, "The sharp turning point the revolution, the Liberation Organization and our people's cause are going through is not the first turning point in our modern history. The revolution and the Liberation Organization have gone through more than one crossroad and have been able to go beyond these crossroads in sound, proper directions marked by a high degree of realistic national and revolutionary policy. This happened after 1970 and the famous battles of September, and also after July 1970 in Jarash and 'Ajlun, directly after the 1973 war, in 1976, then in 1978. These prominent markers on the turning points the Palestine revolution and the Liberation Organization went through were all transcended in the sound, proper direction.

"In the course of this struggle, the national forces and powers in the Liberation Organization framework came up with a definition of a program for the current stage for the first time in the modern history of the Palestinian people, the program of the return, self-determination and the independent state, the program of independent representation for the Liberation Organization. In the context of this program, the revolution and the Liberation organization managed to bring together an Arab consensus on the basis of this tentative program, which the Rabat resolutions, then the Baghdad and Fez resolutions, produced. They also managed to internationalize the Palestine national cause for the first time in our modern history, so that the majority of mankind embraced this national program and broad international approval was given for the existence of the people of Palestine and their right to return and gain self-determination and an independent state. There also was broad international approval of the Palestine Liberation Organization as a sole legitimate representative of our people.

"On this basis, the basis of the tentative national program which was approved for the first time in the Palestine National Council in July 1974, the Liberation Organization entered the League of Arab States, the non-aligned movement, the Islamic Conference organization and, as a member observer, the Organization of African Unity, and also was given a comprehensive embrace by the Soviet Union and the countries of the socialist system. This all enabled the Liberation Organization to pass into the United Nations General Assembly as an observer member and today more than 130 countries of the world stand in support of the uniqueness of our people's representation, the Liberation Organization and their right to return and to gain self-determination and an independent state.

"I cited this in order to reach the conclusion that the sharp turning points the revolution and the Liberation Organization have passed through have been dealt with in a realistic, unionist national revolutionary spirit on the basis of the common program of all the political and ideological forces working in the ranks of our people and expressing their national socialist power.

"Now, once again, our people's national cause, in the course of expressing the conditions the revolution and the Liberation Organization are going

through, is experiencing a confrontation with a crossroads which I have summarized as 'to be or not to be.' This is one of the three prominent tasks the Zionist invaders declared in cooperation with American imperialism the day after the comprehensive invasion of Lebanon in 1982 -- that is, the destruction of the military, organizational and mass infrastructure of the Liberation Organization, so that its subsequent destruction in political terms would be possible."

AL-ITTIHAD: In our conversation with some brothers who are leaders of the other forces, we heard a demand that it was necessary to hold the organization's leadership to account, punish it and make changes in it and that an "accredited" leadership for the Palestinian people's rights was necessary. They consider that the present leadership has violated the organization's national program and consequently has put itself, as they say, outside the pale of the Palestine revolution. What is your view on this sort of premise, if the objective is national unity?

Hawatimah: Accredited leadership for the rights of the Palestinian people always arises as the product of discipline on everyone's part with respect to the program and joint national resolutions. Here we have noted that the democratic forces alone, to the exclusion of the others, are the ones that have preserved and struggled for the sake of restoring the Liberation Organization's unity, on the basis of the program and resolutions of national consensus, while the right wing has treasonously turned away from them and the adventurers have violated them, violated them through the process of fleeing forward. The solution is to regain unity on the basis of the common program. The restoration of unity must of necessity take place in some context; it is not possible for it to take place from behind barricades and through exchanges of blows whether by declarations or by artillery. This clearly means the restoration of unity and the holding of everyone who treasonously turned away and violated the organization's program and the resolutions of unanimity in the context of the Palestine Liberation Organization's institutions to account. That is precisely what the Aden-Algiers agreement highlighted when it condemned the political conduct of the chairman of the executive committee on his visit to Cairo in early 1984, because the National Council's resolutions say that there is to be no relationship with a regime that agrees to perpetuate the Camp David agreements; the relationship is determined by the alienation of this regime from the Camp David policy, which includes of necessity the Camp David agreements. This step has been condemned and the need was asserted to hold the chairman of the executive committee to account in the framework of the legitimate institutions. The accounting will take place in the context of what was begun through the framework of the national dialogue, up to the framework of the legitimate institutions, specifically the National Council.

In addition, it is the abrogation of the Amman agreement that will remove a large land mine from the road of national unity, in a manner which can advance the restoration of unity and the holding of all the people who violated the resolutions of national unanimity to account. It is clear that these constitute the joint program which everyone signed and the unanimity resolutions which are the resolutions of the Palestine National Council's 16th session.

The other road is consecration of the schism, the formation of a second liberation organization and a second leadership, and the mutual struggles which this will bring, which will end the possibility of restoring the unity of the Liberation Organization, enabling all hostile forces and forces fishing in these muddy waters to continue the policy of fragmenting and splitting up the revolution and the Liberation Organization until it becomes possible to solve the Middle East crisis on the basis of the American conditions and in the framework of the two Security Council resolutions only, totally ignoring the right of the Palestinian people to return and gain self-determination and an independent state, their right to represent themselves by themselves in an independent manner on an equal footing with other parties and the holding of an international conference to solve the crisis.

Therefore, if one truly wants to hold the current leadership, which speaks for a wing in the Liberation Organization but now encompasses the whole Liberation Organization, to account, this can be done through discipline on everyone's part, or discipline on the part of the people who are concerned to hold the current leadership to account on behalf of joint action for the sake of restoring the Liberation Organization on the basis of the organization's program and the resolutions of the 16th session and on the basis of the democratic reform of the Liberation Organization's institutions, as stated in the Aden-Algiers agreement, and for the sake of acquiring weapons which will truly guarantee that the current leadership is held to account in the context of the legitimate organizations.

AL-ITTIHAD: The brothers in the Salvation Front say that the Salvation Front does not represent an alternative to the Liberation Organization but that the first section of its program, as they say, stipulates bringing the Palestine Liberation Organization back to its national policy. You have not taken part in the Salvation Front and have had reservations about it. What was the real reason for your position with regard to it?

Hawatimah: We must read the program of the Salvation Front well. It is true that it says that this front is a temporary framework for bringing about the Liberation Organization's return to its national policy, but we do not know who wants and who believes in such a return. The Palestine Liberation Organization, thanks to this obscure policy, has now all gone into the hands of the current leadership to the exclusion of others, since the Amman council. However, we must also read the Salvation Front's program thoroughly. The program calls for the restoration of the Liberation Organization by bringing down the current leadership's policy and the current leadership and those who are on its side. This clearly means preserving the schism on the one hand and handing the whole Palestine Liberation Organization over to the current leadership, which dominates the whole Liberation Organization. The current leadership is not just a group of individuals; indeed, it expresses social political forces within the ranks of the Palestinian people. The possibility of totally removing the leadership from the leadership of Palestine national action is a matter that is contingent on a cumulative process in which the internal balance of power in the ranks of the revolution and the Liberation Organization will evolve in a manner guaranteeing that the reins of the initiative shift to the democratic and national forces whose enmity to imperialism, Zionism, the occupation and opportunistic plans is decisive.

It is not contingent on a decree. The time when things could be solved by decrees which came down from above ended with the end of the era of the birds of Babylon which would hit the adversaries of sound ideas with granite stones.

We must examine these ideas as they actually proceed. What have they done in the 8 months following the formation of the Salvation Front? What they have done is preserve the schism, the enhancement of the present command's dominance of the whole Palestine Liberation Organization, then the endemic disputes within the Salvation Front itself. I am not saying this from my own mind. You may have become familiar with this in the course of your meetings. Yesterday, for example, AL-SAFIR cited on its next to last page an article by someone supporting the Salvation Front in which he spoke about internal disputes in the Salvation Front. More important than that, the Salvation Front leadership held a complete working session and did not reach any point of agreement among its members, by the admission of its own members.

AL-ITTIHAD: You are talking, as I see it, about an international conference as an existing relevant possibility, and you are also talking about an independent state as an existing relevant possibility. Let me, brother Nayif, differ with you over the assessment of the balance of power facing us in the region today -- whether that is due to the weakness of the Arab national liberation movement, the weakness of the Palestine revolution, or the disruption of the international equation in the Middle East area in particular, because of it it seems that this possibility is not at hand and that assessments of this sort have brought the Palestinian people into the quagmire of a solution which does not exist and is not in actual being on the ground.

Hawatimah: Let us make a correction. We are not talking about an independent Palestinian state as a possibility which exists today, tomorrow or the day after tomorrow, and we are not talking about an international conference as a possibility which exists today, tomorrow or the day after tomorrow. We must sense that the Palestine Liberation Organization's program is one of returning and gaining independent representation and an independent state and was approved in our Palestine National Council in July 1974. More than 10 years of this program have passed, and an international conference just to solve the crisis of the Middle East, and not discuss the Palestine cause, was approved at the Security Council in October 1973. More than 12 years have passed since the famous Geneva conference based on Resolutions 242 and 338 as well. During this period, with its years reverberating with struggle, it has clearly been proved that everyone who had the illusion that the Palestinian state would come about tomorrow had been building on castles of sand. The same is the case with the international conference and everyone who had the illusion that the resolution of the tentative program was a process of surrender, as was conspicuous in the case of the adventurous current after the October 1973 war and the formation of the famous rejection front which considered that a Palestine state was assured. This tentative program was approved in order to accelerate the solution of the crisis on this basis, so that it would also become clear that all these ideas fell as the autumn leaves fall.

Conversely, the truth became apparent that the program of an independent state is a program which contradicts all forms of American, Israeli and

defeatist Arab and Palestinian solutions. In the course of the last 10 years, a struggle has been going on every day between the Palestinian people's right to return and gain self-determination and an independent state and the plans of capitulation which have become fully known, such as Camp David, Reagan, the Amman agreement and the subdivision of functions or the joint authority, the "condominium," with Jordan, which Shimon Perez and the civilian administration are propounding. We find that America, Zionist Israel and defeatist Palestinian and Arab forces are trying to impose solutions of a character of capitulation whose maximum ceiling ranges from autonomy to the Reagan plan, which means an American name for the United Kingdom plan or the confederation plan which will progress on the ruins of the Palestinian people's rights to an independent state.

It has also become clear, in the course of these years of long struggle, that an international conference is not something that will be at hand today or tomorrow. Twelve years have passed and it has not been achieved. To show that this issue is also one of contention, American and Israeli policy, and pro-American Arab policy, are totally against an international conference and they insist on direct bilateral negotiations between Israel and each of the Arab countries under the supervision of the United States of America, as happened in al-Sadat's case.

Therefore it is clear to us from all this that the possibility of realizing the rights of the people of Palestine to return and gain self-determination, an independent state and independent representation through an international conference is precisely one of a balance which will evolve through struggle and conflict in a manner that can accumulate every day, constantly, in the Palestinian, Arab and international contexts, so that it will be possible some day to compel the United States of America and Israel to retreat and concede the convening of an international conference with the Palestinian people's right to return and gain self-determination and an independent state and the Arab countries' right to regain all their occupied territories without restrictions or conditions. Therefore the issue of an independent Palestinian state and an international conference are two issues of a struggle of forces which require a strong balance in favor of the people of Palestine, the Arab peoples and the forces of international liberation. Prior to this, it will not be possible for the program of an independent state, independent representation and an international conference to find their way into light and life. Therefore, everyone who says that proposing the tentative program paved the way for numerous solutions infringing on Palestinian national rights and Arab national rights or sapped the strength of the domestic and national struggle, these people all, objectively and practically, if we want to adopt these ideas, leave the Palestinian people and the Arab nation in a state of total perdition, because they in practice and objectively are leaving the Palestinian people and the Arab nation without any specific, tangible program of struggle for the sake of the rights of the people of Palestine and the rights of the Arab nation at the present stage. Meanwhile, arming the people of Palestine and the Arab nation with the tentative national program opened broad horizons for them to embrace all the forces of good, liberation and independence in the whole world and shifted the Palestine cause from a local and regional one to an international one with which the world has been preoccupied over the years.

AL-ITTIHAD: The brothers in the Palestine Liberation Organization leadership say that a confederation with Jordan represents an approach toward regaining the West Bank and Gaza, because the danger of Israeli expropriation and absorption is wholly present, since 52 percent of the occupied territories have been taken over so far. A solution at some point in the future in terms of everything we are saying now about the possibility of a Palestinian state will be difficult if Israel is given an opportunity to create a fait accompli, and will become merely a form of theorizing. They are taking in practice an approach, as far as this issue goes, first of getting the land back at an early time, before an alternative state of affairs is created. Secondly, they consider that there is a special relationship between the Jordanian and Palestinian peoples, and this relationship must be used to regain the land as well, especially since Jordan is internationally accepted in the current international equation by the United States and to some extent by the Soviet Union. Thirdly, regarding an independent state -- in this regard I might mention the point of view of our brother Khalid al-Hasan in particular, who says that even if a Palestinian state is established its approach and relationship to the world must be that by geography, demography and history it is closely attached to Jordan and not any other body. What is your view on the confederation as a plan, while considering that in one way or another it means a sort of Arab unity?

Hawatimah: To answer these points, let us take them one by one. The first point is that the confederation plan arose to guarantee the restoration of the land, in order to confront the encroaching annexation of the encroaching enemy's policy. Here we can assert the following: the current leadership, which represents part of the Palestinian people and part of the resistance and the Liberation Organization, does not have the right to pursue a policy which contradicts the program of national unanimity. The confederation plan does not have any existence in the national program and in the resolutions of unanimity of the Algiers session, in the form the current leadership presents them in the Amman agreement. The Algiers session resolutions say that the Liberation Organization is the sole legitimate representative and is the "independent" representative of the Palestinian people, stresses the rejection of any form of "participation," "assignment" or "delegation" as far as the representation of the Palestinian people goes, and advocates the distinctive relationship between the Jordanian and Palestinian peoples in the context of a confederation after the establishment of an independent Palestinian state. However, what the current leadership signed in the Amman agreement totally contradicts the resolutions of the Algiers session.

AL-ITTIHAD: However, they say that in international usage and law a confederation is a federation between two independent states.

Hawatimah: No, the current leadership considers self-determination an internal Jordanian-Palestinian issue, and it absolutely does not exist in the Amman agreement. Not a single word mentions an independent state or a relationship of confederation between two independent countries. Rather, it talks about a relationship of confederation between "the two states of Palestine and Jordan" when this becomes possible, after the elimination of the occupation, on grounds that this is all an internal matter between Jordan and the Palestine Liberation Organization. This all contradicts the organization's program and the resolutions of the National Council.

Second, according to the facts, it is not true that the conclusion of the Amman agreement, which stipulates a confederation, guarantees saving the territories from facing encroaching annexation. Our proof is that both Jordan and Egypt, in the time of the great 'Abd-al-Nasir, agreed to Security Council Resolution 242 and this resolution, which stipulates that it is not permissible to take over territory by force, has not been put into effect to this day.

We might also mention that Egypt, Jordan and Syria gave agreement to Security Council Resolution 338, which incorporates 242 and stipulates the holding of an international conference under the chairmanship of the Soviet Union and the United States in the framework of these two resolutions, that is, in the absence of any independently existing rights for the Palestinian people. In spite of that, this resolution has been in being more than 12 years and it has not been put into effect. Why? Because America and Israel consider, and this is true, that the balance of power in the Middle East was broadly disrupted in their favor after al-Sadat's neglect of the positive aspects of the October war and has been in America and Israel's favor, so "no" to the execution of the Security Council resolutions which stipulate the departure from the occupied territories and the impermissibility of the takeover of territories by force in exchange for secure borders. Indeed, they insist, in addition to that, on the exchange of diplomatic representation and the normalization of relations of all forms and shades between Israel and all Arab countries, direct bilateral negotiations in accordance with the substance of the Camp David agreements, and amendments whose goal is the expansion of the state of Israel. This is what the leaders of the United States of America keep repeating; the most recent of this was Shultz's statement last month that "We have not and will not ask Israel to return to the borders of 4 June 1967."

From all this it is clear that even in the context of neglect of the rights of the people of Palestine and the attempt to contain the solution within the context of the two abovementioned Security Council resolutions, there is no possibility of regaining the territories in the context of the current balance of power, no matter what concessions the current Liberation Organization leadership might offer. Indeed, for it to become possible to get the territories back, it is necessary to develop the balance of power in the Palestinian and Arab contexts in a manner that will guarantee that the Israeli enemy and the United States are forced to retreat and accept the requirement that the takeover of territory by force not be permitted, a departure from the occupied territories must take place and the rights of the Palestinian people must be guaranteed.

As regards the last point, the right of self-determination and an independent state for our people will come into being only through accumulated struggle and certainly the independent national state will be provided with guarantees for survival, so that it will not be easy for it to be occupied by the Israeli enemy, who to this day has the strongest of the armies in the Middle East, because Israel is always trying to deceive international public opinion with its great lie that an independent Palestinian state will be a threat to it while it knows well through the experience of four wars that its army alone has inflicted defeats on many Arab armies, and it is the



Palestinian national state which will demand guarantees against the brutality of the Israeli enemy's expansionist state.

AL-ITTIHAD: How do you view the Palestinian-Jordanian rapprochement which is now taking place, from the perspective of Palestinian national rights and the perspective of national unity among the forces of the Palestine revolution?

Hawatimah: We in the Democratic Front for the Liberation of Palestine have always been in favor of the normalization of Syrian-Jordanian relations, Syrian-Iraqi relations and all Palestinian-Arab relations, but on the basis of joint struggle against the American solutions of capitulation. In other words, we are in favor of the normalization of relations on the basis of serious, daily, living commitment to subjects of Arab consensus.

AL-ITTIHAD: Even given the observation that no mention of the Liberation Organization has appeared in the joint statements issued by the Syrian-Jordanian meetings?

Hawatimah: We have warned, still are warning, and have talked at length with the brothers in the Syrian command about this, that the normalization of Syrian-Jordanian relations will be used at the expense of the people of Palestine, their independent national rights and the Palestine Liberation Organization's independent representation of this people, and at the expense of the resolutions of subjects of Arab consensus expressed by the Arab summit resolutions, because we have noticed that Jordan exploits the Amman agreement to neutralize FATAH with the minimum conditions, if it has not for its part drawn it into confrontation with Palestinian and Jordanian national forces, and that this has actually led to a disruption of the balance of power in favor of Jordan and greater and greater impulsiveness toward its special policy, in execution of the Amman agreement, the strengthening of bridges with Egypt and the promotion of this agreement in the Arab and international contexts, most recently in the General Assembly, where it enjoyed the support of a number of Arab countries although the Jordanian representative could not include the draft resolution bearing on the Middle East crisis in the Amman agreement.

We must observe that Jordan, in all the joint statements issued in Riyadh, Damascus and Amman, has agreed to the rejection of partial, individual solutions and has agreed to an international conference. However, we must also, conversely, observe that these statements have been totally lacking in stipulations that the Palestine Liberation Organization is a sole legitimate representative of our people and stipulations concerning our people's rights to return and to gain self-determination and an independent state. They have used general expressions which were current in the atmosphere of Arab regimes before 1967. The general talk about "the legitimate rights of the Palestinians" requires that people sift through sand to learn about the identity of these rights, while the struggle to give concrete form to the rights of the Palestinian people has been going on since 1967 and is going on, and they have become specific rights approved by more than 130 countries in the world. Therefore what is going on now prompts us and all Palestinian, Syrian, Jordanian and Arab nationalists to be wary of attempts to exploit the Amman agreement on the one hand and normalize relations on the other.

AL-ITTIHAD: We have heard that meetings have taken place someplace between you and our brother Abu Jihad, Khalil al-Wazir, to discuss the issue of national unity. If that has not actually taken place, what are the practical steps for hastening to put national unity into effect?

Hawatimah: We must distinguish between facts and distortions. We in the Democratic Front for the Liberation of Palestine do not have anything to hide, because we are among those who explore the diplomacy of the street, the diplomacy of the masses, and are absolutely against the diplomacy of back corridors. When any meeting takes place between any people in the Democratic Front and any of the other forces of the Palestine resistance, including FATAH, we announce it at once and we announce what went on. There are no hidden meetings. Here, sometimes, the brothers in the FATAH organization, for reasons related to the attempt to guide their special policy which has been violating the national program and national consensus resolutions of the Liberation Organization since the Amman council in November 1984, have been venturing to raise a series of distortions concerning meetings they have that are held with one given force or another, with one Palestinian leader or another.

Second, we in the Democratic Front for the Liberation of Palestine have openly invited the FATAH committee to take the initiative to retreat from the Amman agreement and abrogate it, because, as we have said, it represents a violation of the Liberation Organization's program and the resolutions of national unanimity in Algiers for the reasons we mentioned above, and because this agreement has constituted a big land mine and has obstructed progress along the road to national unity. We have asked all fraternal forces and those that are friendly toward our people and are concerned about Palestinian national unity to exert efforts with the FATAH leadership to take the initiative of abrogating the Amman agreement, just as we abrogated the first Amman agreement in April 1983 and paved the way toward national unity again by means of joint action. In this context, we have talked at length with all Arab brothers and all friends in the world who help our people's cause, and discussion has actually taken place with the FATAH leadership on the part of them all, but so far the FATAH leadership has acted on its own whim and insisted that the Palestine Liberation Organization is "its own private farm," which it totally dominates.

Third, we proposed to the brothers in the Salvation Front, when they were working in the framework of the "national alliance," to enlist themselves in the effort at democratic alliance to save the unity of the revolution and the Liberation Organization on the basis of the Aden-Algiers agreement and all ideas that are arrived at through joint dialogue, so that we could thwart the whole process of deterioration that occurred after the suspension of the Aden-Algiers agreement. If this agreement had been carried out, we would be today faced with a single Palestine Liberation Organization united on a firm base politically in the struggle for the sake of returning, self-determination, an independent state and independent representation, and on a firm base organizationally in the context of the broad democratic reforms the Aden-Algiers agreement stipulates. However, the wind did not blow in a direction satisfactory to the vessel of Palestine national unity and its pilots, because of the contradictions which flared up and the struggles of

polarization and an absence of principles since the invasion of Lebanon. We then summoned the brothers in the "national alliance," who have been working under the title of the "Salvation Front" since the Popular Front joined up with them, to immediate, unified direct action following the "Amman separatist council," for the sake of putting the Palestine Liberation Organization back on firm common foundations which would be endorsed by the overwhelming majority of the members of the National Council and the leaders of the forces who are in agreement in opposing the political and organizational conclusions of the Amman council which represent a violation of the Algiers session resolutions and for the sake of calling for a unionist Palestine National Council which would guarantee the unity of the Liberation Organization on the basis of its programs and the unanimity resolutions. However, the brothers did not respond. Then, after the Amman agreement, we called for joint steps to abrogate the Amman agreement by holding an expanded national meeting to this end.

Now conversations are taking place between us and forces in the Salvation Front on behalf of joint action toward restoring the Liberation Organization's unity on the basis of the political and organizational program of the organization and the resolutions of the Algiers session.

Fourth, and this is most important, we are presenting all this to the masses of our people, the masses of our Arab nation and all friendly forces, because the most important thing is to give concrete form to a national unionist current on the basis of the organization's program and the resolutions of the Algiers session, so that it will form a majority position exerting pressure to guarantee the restoration of the Liberation Organization's unity under the pressure and will of the masses. We believe that when the masses are won over more and more to correct, proper, wise unionist thoughts, they will be transformed into a tremendous material and spiritual force which cannot be defeated, but which rather can impose itself on everyone and continue its action along this road. We believe that the current Liberation Organization leadership has sensed how costly the road it has travelled since the Amman council and the Amman agreement has been, and senses every day the tremendous conditions that it must offer, with the result that it will totally abandon our people's rights. Insistence on the unilateral declared recognition of the two Security Council resolutions and Israel means most clearly putting an end to the Palestine national cause. Therefore it finds itself squeezed into a corner, and it, with the central council appointed by itself, which was held in Baghdad, with part of it, in its demagogic formulation, has uttered its appeal, an appeal to national unity from a position of insistence on the Amman agreement and the Cairo declaration, to the point where it says it is a proponent of unity, while it itself has laid the major land mines and demolished the road to unity.

This all clearly indicates that getting out of the current predicament will require the mobilization of all national forces that believe in the need to restore the unity of the Liberation Organization on the basis of the joint national program and the resolutions of the Algiers session and the Aden-Algiers agreement and the abrogation of all ideas and policies whether concerned with the treasonous renunciation of the joint program, as in the policy of the Liberation Organization's current leadership, retreating from

the Amman agreement, abrogating it and putting this whole policy on trial in the context of the coming legitimate institutions of the Liberation Organizations or the adventurous ideas which represent a flight forward and at the same time have sanctified the rifts and set out new complexes on the road to national unity. This is the road by which we must proceed. This is the open road of the Democratic Front and the democratic alliance, in which we address all the forces of the Palestinian resistance, the masses of our people and the personnel of the revolution. Thus we will once again be paving the way toward the restoration of the unity of the Liberation Organization and its return to its golden age, from 1968 to November 1984, when its national coalition leadership was committed to the national program and the resolutions of unanimity and realized major achievements on the Arab and international levels.

#### Leader Advocates Self-Sacrifice

Abu Dhabi AL-ITTIHAD in Arabic 8 Jan 86 p 11

[Interview with 'Abd-al-Muhsin Abu Mayzar by Taha al-Nu'man]

[Text] 'Abd-al-Muhsin Abu Mayzar is a member of the Salvation Front, chairman of its foreign relations committee, member of the National Council, member of the executive committee and formerly the official spokesman. He is an independent Palestinian figure and always attended the executive committee in this capacity. He is now an opponent of the Palestine Liberation Organization leadership. The man does not seem to be insistent with respect to the ideas he propounds or forcefully concerned about a vision of Palestinian unity that is to be realized. While he opposes the leadership's policy, he does not go to the point of saying that it should be eliminated or brought down. Rather, he demands that it retreat from its former policy and possess the "moral courage" that will enable it to criticize these policies. Here-with is the text of the conversation which was held with him in Damascus:

[Question] At the beginning of this conversation, we would like you to offer an analysis of the circumstances the Palestinian struggle and the Palestine Liberation Organization are going through now. What is the nature of the crisis the Palestinian revolution is going through?

[Answer] The Palestine revolution and the Liberation Organization have been subject to a vicious attack from enemies in recent years. The first goal of this attack has been to create a rift in the ranks of the revolution and the Liberation Organization, and the second goal, after the rift and schism were achieved, has been to benefit from this to make the Liberation Organization deviate from its national goal. In other words, one can say that the goal of the American-Zionist attack on the Liberation Organization and the revolution has been to "exploit the change in the situation with the goal of changing the situation." Unfortunately, we have sensed a response on the part of some leadership symbols to the goals of this attack, consciously or unconsciously. Some have succumbed to prohibited things. There has been a series of improper resolutions, starting at the end of the National Council session in Algiers and reflected on the practices of some leaders violating what was agreed on in Algiers, trampling underfoot many basic positions of

principle which had been approved concerning the relationship with Egypt, the relationship with Syria or the Palestinian national relationship from the standpoint of the embodiment of Palestinian unity.

These improper resolutions have increased greatly as a result of the insistence on improper policies which took form in some people's minds after the battle of Beirut. Some people, while we were still in Beirut, did not hide that, and at Palestinian leadership meetings advocated assessments similar to what was applied later, in the context of Arab and international relations. There is no doubt that the holding of the National Council in Amman (February 1983) was one fruit of these improper assessments, policies and resolutions.

This is what can be said in brief about the critical period the Palestine revolution is facing, its serious crisis and the nature of this crisis.

The Cause of the Crisis Is a Lack of Commitment to Palestine National Unity

[Question] Does a possibility of restoring national unity exist? What are the conditions for this unity in your view on the practical level?

[Answer] No doubt it is clear from the answer to the first question that the cause and results of the crisis have been a lack of attention, lack of commitment and lack of faith in Palestinian national unity and the Palestinian national program. National unity in my opinion is necessary; a revolution, especially a movement of national liberation, cannot gain its character as a liberation movement without awareness on the part of the elements that constitute it, because of the importance of national unity, since a national liberation movement is not like governments and is not like states, in which an opposition and a ruling authority exist. It has a national goal which it wants to accomplish, and there will be respect and reverence for the people's movement for the sake of realizing this goal to the extent that solidarity concerning the attainment of this goal is comprehensive. We as a Palestinian people and an Arab nation have become united around one goal of the revolution and this goal was sanctified in summit resolutions after we had sanctified it in the resolutions of our national councils, as it was internationally sanctified through the resolutions of the United Nations and the nonaligned movement: this is the tentative national program, the program for returning, self-determination and the independent Palestinian state, in the sense that we have succeeded as a Palestinian revolution in presenting to the world a just cause which the world has recognized, and have mobilized our efforts around this tentative program. Every fragmentation or rift of the people's forces concerning this goal harms its attainment. Therefore, the step of the resolution to hold the Amman conference came about as one approach from one party, which caused the split in the Palestinian stage in a broad manner organizationally and politically.

[Question] To clarify this point, we know that the council met in Amman after a number of attempts to hold it in Algiers or elsewhere, and after numerous forces and powers had rejected the holding of the council, indeed boycotted it when it was determined to hold it in Amman. For the sake of accuracy, we would like to hear your explanation of that.

[Answer] The Liberation Organization's executive committee did not make the decision to hold the National Council in Amman. Even the Aden-Algiers document did not include all organizations and is not an executive committee document; it is a product of a relationship or agreement which arose between specific forces (FATAH and the democratic alliance) and not among all the forces, even if the effort was not made to put it into concrete form and carry it out between them. Even the the two signatories to the Aden-Algiers agreement had an understanding which differed from that of others, and therefore, concerning the the National Council meeting, it was not a coincidence that all the forces of the Palestine revolution, including those which had signed the Aden-Algiers agreement, failed to attend it.

Therefore the holding of the conference was declared and publicized in a blatantly schismatic, divisive manner, and that is the most important thing to have happened in the Liberation Organization crisis.

I believe that the possibility of overcoming this rift will constantly continue to be a goal for everyone who believes in the revolution and is committed to its goals.

National unity is a necessity, national unity is a basic thing, and it is necessary, in order for national unity to be achieved, that it be on a sound national basis and be founded on putting a limit to improper policies and resolutions and what is engendered by them. These in their totality constitute a deviation from the goals of the revolution and thus an abandonment of the goal of returning and gaining self-determination, the goal of the independent state and the uniqueness of representation over which unanimity has been reached at our national councils and by all the groups of our people, which have come truly to embody Palestinian national constants. How can we consider violating them to be individual theorizing? No ruler has the right to abandon these rights and it is not possible for us for national unity to be achieved or established if the improper policies and acts of deviation which infringe on the goals of our people and their national program persist.

For this unity to be attained, it is necessary to bring down these deviant policies and put a limit to them and the people who pursue them, because persisting in them and closely examining them in practice constitute the expropriation of the national program and all our people's goals.

If you want to put it in terms of conditions, the first condition for realizing national unity is for us to believe in national unity on the basis of the national program and the resolutions on which unanimity has been reached. The second condition is that everyone have enough moral courage to admit error, because national unity cannot be founded on a basis of persisting in improper policies and cannot be founded on a basis of policies whose error, failure and deviation have been established by life and events.

It is also important for us to point out that it is a necessary condition of national unity that the cause be above the self, the cause be above the leader. If the leader puts himself above the cause, unity which serves the cause cannot be realized, because every revolutionary organization comes

about or arises in order to achieve victory for its people and an organization that expects the cause to make it victorious is not revolutionary, because the cause is thereby transformed into a means and an instrument. Our cause is great and sacred in the view of the masses of our people and our Arab nation, and we absolutely cannot leave it to be the victim of these improper practices which are being carried out at present.

I absolutely cannot understand how the Liberation Organization's bylaws can be manipulated and the National Council can be held "with those who attend." I absolutely cannot understand that our people's national liberation movement does not respect the bylaws, because when the bylaws established a two-thirds quorum, that was not a coincidence. We are a fragmented people residing on more than one Arab territory, and we absolutely do not want to restrict the majority just to "half plus one," because by establishing a two-thirds quorum we were anxious to have the resolution reflect the unity of the people. This is from the organizational standpoint. As for the "political quorum," the bylaws and the charter assert that the Liberation Organization is a "national front" which includes the Palestinian forces of various orientations. When the political forces are dealt with irresponsibly and a national council of a single stripe is called for, can this sort of council serve the course of the national liberation movement, in the view of Arab and international public opinion? There is no doubt that this is a very great sin and it must be corrected if we want national unity to be realized. Improper policy cannot produce national unity; it is correct policy only that produces national unity.

Eliminating the factors that caused the rift will lead to national unity -- for instance the relationship with a regime that adheres to the Camp David agreements and the Amman agreement and abandonment of the illusions that are alive in some people's minds, such as the statement "land for peace" and receptivity to Security Council Resolutions 242 and 338. Adherence to the resolutions of the National Council up to the 16th session, the national program, the charter and the organizational program is something basic for national unity.

Through AL-ITTIHAD newspaper, I appeal to every Palestinian everywhere for the need to work to preserve the national unanimity program and resist all policies which try to get the organization to deviate on the subject of returning and gaining self-determination and the independent state.

This Agreement Conflicts with the National Council Resolutions

[Question] In your conversation, you have referred to your opposition to the Jordanian-Palestinian agreement. On what basis do you evaluate this agreement, especially since the brothers in the organization's leadership consider it first of all an attempt to regain the occupied territories, which are subject to expropriation and takeover, and second of all a response to the distinctive relations between the Jordanian and Palestinian people through establishment of a union of confederation between two countries?

[Answer] First of all, it would be better if we made the expression "the Jordanian-Palestinian agreement" the agreement signed by King Husayn and Mr

Yasir 'Arafat. Inside the Liberation Organization, we consider that this agreement conflicts with the resolutions of the Palestine National Council's 16th session, in spite of the stipulation on confederation, because the agreement in essence is "federal," not one of confederation. It contains no stipulation concerning an independent Palestinian state, it contains no independence of Palestinian representation, but rather it contains participation in representation, which is also a practical embodiment of what some Western circles, American ones in particular, call for, a solution to the Palestine cause by means of Jordan. If what some people allege, that the agreement is in harmony with the Algiers resolutions, is true, why then was the agreement made and weren't the National Council resolutions settled on? Why didn't the Jordanian party just issue its support for the National Council resolution in Algiers? Because the resolutions of the National Council in Algiers differ from the substance of the Amman agreement, the Amman agreement was signed; because the Algiers resolution does not meet the objective which was aimed at through the signing of the Amman agreement, this agreement was signed. Here I would like to assert that while we reject the Amman agreement we are proceeding not from a position of opposition to the fraternal, special distinctive relations which link the two fraternal Palestinian and Jordanian people, but rather are proceeding in our opposition from our belief that the solution to the Palestine cause and the settlement of the Middle East cause must not take place at the expense of the Arab party, whether Palestinian or Jordanian. The aggressor must not benefit from any solution to the Middle East crisis or the Palestine cause. Therefore we ask, why were Jordanian-Palestinian relations propounded as a precondition for the solution of the Middle East crisis? We do not believe that Jordanian-Palestinian relations are a cause of the Middle East crisis. We do not believe that Jordanian-Palestinian relations are one of the causes of the Middle East crisis. Consequently, people in the West and America propound it as a precondition for a settlement in order to appropriate the Palestinian people's national rights, the right to return and gain self-determination, an independent state and independent representation, because they will then say that this "federal" relationship is self-determination, and consequently in order to prevent the Palestinian people from realizing their independent state, bring down the Palestine cause as an international cause and turn it into a domestic Jordanian issue and an issue of borders, so that the organization will not be recognized as a sole legitimate representative of the Palestinian people. The agreement has arisen as a response to the will of our enemy, not the will of our people.

[Question] How then can the encroaching Israeli settlement, along with the dispossession and banishment of citizens from their land, be faced up to?

[Answer] Although we do not take such threats lightly, we say that these dangers are not to be confronted like this; rather, they must be confronted by failing to provide the enemy the objective circumstances for building the settlements or living in them and providing the fighting circumstances for the Palestinian people and the Arab masses to confront the occupation and aggression wherever it might be so that they will not become stabilized in these settlements.

[Question] How do you view the rapprochement which is starting to evolve between Jordan and Syria, from the standpoint of the interests of the Palestine cause?



## Rapprochement Is Governed by the Factors Which Dictated It

[Answer] Rapprochement between any two countries is governed by the factors which dictated the rapprochement and the goal is the interests this rapprochement represents for both countries. There is no doubt that the Syrian-Jordanian rapprochement is beneficial from the national standpoint. Both countries have borders with occupied Palestine and forces and positions which can be unified on the basis of continuing the struggle to liberate the occupied territories and enable the Palestinian people to pursue their constant national rights. I through my understanding of the Syrian situation can evaluate this rapprochement positively and say that it is a positive matter that a Jordanian-Syrian understanding is taking place, as well as understanding among all Arab countries, on the basis of defense of the Arab cause, protection of the Arab presence, realization of the national goals and resistance to the Arab nation's imperialist and Zionist enemies.

The Syrian position, as I understand it, prompts me to view this rapprochement in a positive manner. The Syrian position on settlement in the Middle East is well known and is founded on the need for unconditional Israeli withdrawal from all Arab lands occupied in 1967 and the need to enable the Palestinian people to realize their constant national rights to their territory and to gain self-determination, as well as an independent state.

The Syrian position also does not tie conditions of peace to guarantees of peace, in the sense that it does not consider that the normalization of relations with the Zionist enemy or direct negotiations and separate deals are among the components of peace in the Middle East crisis as an approach to a solution. Rather, it is committed to a comprehensive solution. The Syrian position does not set out toward and does not deal with settlement as a sole strategy, either; rather, it considers military force the basic alternative in the cases of war or peace, because when force which is able to realize people's rights is absent, a military conference or any formula for a solution will then be of no avail. What I know from Syria's goal in this rapprochement is the unification of all forces in confronting the Zionist enemy and ruling out partial and separate solutions in accordance with the expressions uttered by joint declarations issued in various meetings in Riyadh, Jiddah, Damascus and Amman. This makes me optimistic and I foresee good things through the objective of rapprochement.

[Question] You foresee good things although the constant legitimate rights of the Palestinian people have not been mentioned and the right to return and gain self-determination, an independent state and the Liberation Organization as a sole legitimate representative of the Palestinian people have not been mentioned.

[Answer] We are most concerned and are constantly advocating the refusal to ignore mentioning the Liberation Organization in its capacity as the sole legitimate representative of the Palestinian people, because the Liberation Organization is not the property of a specific person or organization. Rather, it is a framework for the forces of the Palestine resistance movement which represent the Palestine national liberation movement in this stage and embody the will for liberation, the will for the Palestine national program

and our people's national goals. Therefore, we call on every Arab country in every declaration to affirm the Palestinian people's constant national rights, foremost among them their right to return and gain self-determination and an independent state, and reference to the Palestine Liberation Organization on the basis of their commitment to the resolutions of the legitimate national councils and their commitment to the national program.

Syria Is Concerned That the Liberation Organization Remain an Independent Representative

[Question] What is your explanation of ignoring mentioning these Palestinian national constants, including the Liberation Organization as a sole legitimate representative of the Palestinian people?

[Answer] According to my information, Syria, for its part, is concerned in all joint declarations to mention the independent Palestinian state. Mention was made of the Liberation Organization during President al-Asad's latest visit to the Soviet Union. I am not plagued by doubts as regards the Syrian position toward the independent Palestinian state. I believe that Syria's main objection is to the Amman agreement, because it has neglected the Palestinian people's right to an independent state, since the independent state was not mentioned and the Liberation Organization as an independent representative was not mentioned; rather, this agreement diminished the Liberation Organization's right to represent the Palestinian people. If we realize or interpret the Syrian position concerning the Amman agreement, we will be able to realize that Syria is concerned that the Liberation Organization remain a sole legitimate representative of the Palestinian people on an equal footing with the other parties concerned with the Middle East crisis, since it represents a people who have a cause which is the essence of the struggle in the Middle East.

In my estimation, this rapprochement will have yielded positive results to the extent that it brings Jordan close to the positions of Arab unanimity in the Rabat, Baghdad and Fez summits.

Once again, in this regard, I say that in our evaluation of Arab relations we are proceeding from the premise of these relations and the positions of these countries regarding the Palestine cause, the rights of the Palestinian people and the commitment to them. Therefore, we have said in the resolutions of our national councils that relations between the Palestine Liberation Organization and the Arab countries are founded on the following bases:

First, commitment to the causes of the Arab struggle, foremost among them the Palestine cause and the struggle on its behalf.

Second, adherence to the rights of the Palestinian people, including their right to return, gain self-determination and establish their independent state under the leadership of the Palestine Liberation Organization. These are rights which the Arab summit resolutions have affirmed.

Third, concern over the uniqueness of representation and national unity and rejection of all plans which aim at infringing the Palestine Liberation

Organization's right to sole representation of the Palestinian people on the basis of any formula, such as delegation, assignment or participation in the right of representation. In this regard, the National Council has also called for Arab solidarity to be strengthened on the base of the Arab summit resolutions and in light of the abovementioned bases.

#### I Am Alert to the Dangers Surrounding Our People

[Question] The Palestine Liberation Organization leadership says that it is possible to recognize all United Nations and international Security Council resolutions and that it is possible to recognize Resolutions 242 and 338 within what is called "the basket of international resolutions," which include the resolutions that have dealt with the Palestine cause since the partition agreement. What is your opinion?

[Answer] First, as regards Security Council Resolutions 242 and 338, I am alert to the destructive dangers which will surround our Palestinian people and our central national cause, the Palestine cause, as a result of any Palestinian recognition of Resolution 242, because this resolution is founded on the premise that the essence of the struggle in the Middle East is Israel's right to exist and its right to security, and not on the premise that the essence of the struggle is the Palestinian people's right to exist and their right to an independent country. The former is a Zionist claim which is inimical to our rights and it is a more dangerous resolution than the Balfour Declaration. Dealings can take place through or with it only through a single formula, which is that this resolution did not come about as a result of a discussion of the Palestine cause, does not address the Liberation Organization or the Palestinian people closely or remotely, and bypasses all the Palestinian people's rights, including the rights to return and gain self-determination and the independent state. When any Palestinian party recognizes Security Council Resolution 242, it acknowledges that it has no cause and that the cause is one of borders between the Zionist entity and the neighboring Arab countries. Therefore, I ceaselessly warn against Resolution 242. It is not suitable for solving the Palestine cause or even the Middle East crisis, when we consider that the Palestine cause is the essence of this crisis, because the proper solution for resolving the Middle East crisis is the one which deals with the essence of the crisis, which is the Palestine cause. Even the Security Council refused to reaffirm this resolution when the Palestine cause was presented to it in 1976 and when the nonaligned countries presented to the Security Council the adoption of a resolution stressing the United Nations General Assembly resolution related to the fixed rights of the Palestinian people as an alternative to Resolution 242. The draft resolution affirmed the need for Israeli withdrawal from all territories occupied since 1967 and the right of the Palestinian people to return and gain self-determination and the establishment of their independent state. When the draft was presented to the Security Council, before the voting took place, Britain's representative submitted a draft amendment to the resolution. This amendment called for the Security Council to affirm its previous Resolutions 242 and 338 and for the draft resolution to be put in effect if it was approved after the execution of these two resolutions. Consultations with us took place before the voting on the British recommendation, but we refused to accept the amendment. People came and told us,

"Can you reconcile the draft amendment and your draft?" We told them that this was a golden opportunity which we had been seeking for a long time. After we had explained our cause to the Security Council, we said "Let the Security Council vote after it has heard us first on the draft amendment and let us see the fate of Resolution 242 and the council's position on it." In fact, voting did take place on the British amendment resolution and just four members recommended in its favor, so it failed in the vote.

Therefore we are faced with the fact of a Palestinian refusal and international refusal to affirm it, in addition to the Arab rejection at the Amman summit. How is it permissible, in the context of the attack our cause is now subjected to, for the Palestinian position to be drawn into the miasma of recognizing 242? Why? This is part of the improper policies and wrongful assessments I previously referred to. The mere thought of it constitutes deviation and neglect of the Palestinian people's rights.

#### The Cause Is above the Self

[Question] Would you send a message to the brothers in the Liberation Organization leadership through AL-ITTIHAD, at the conclusion of this conversation?

[Answer] My message is directed to every Palestinian, whatever his position might be. This is that we are passing through a stage of the utmost riskiness, a stage which threatens us as a people in terms of existence, destiny, cause, rights and national action. That is, it threatens our organization and our revolution. Therefore, we must put the cause above the self, draw limits, end all the causes which have led to attacks on the national cause and work for commitment to the national program and the resolutions of the legitimate national councils, the most recent of which was the Algiers session. Thus we will have attained the trust and brought our voice to every Palestinian citizen in the Gulf and outside the Gulf in order that he may sense the extent of the danger we are facing. The American-Zionist attack is serious and its seriousness increases when we find people promoting it in Palestinian and Arab ranks and exerting pressure toward the realization of its goals or consciously or unconsciously being in harmony with these goals, this attack. Therefore we say that awareness, wariness and alertness are necessary and that it is adherence to the proper position that will lead us to the satisfactory position.

A final word I would like to say and address to our Palestinian and Arab masses is that there is no wherewithal for realizing a national settlement in this stage. Let everyone cease rushing after a mirage. There are American political movements not for the sake of a settlement but to draw the Arab position into a state of surrendering to what Israel wants. When the Palestinians are told, "Recognize Security Council Resolution 242 so that America will negotiate with you or talk with you," that means that America wants the Palestinians to recognize Israel and then for it to talk to them so that it will tell them they do not have a right to an independent state and have no right to return or to gain self-determination. That is what America's position consists of. It is more an Israeli position than an American one. We must rally around building and strengthening our national unity for the sake

of saving the reverence our cause and organization enjoy and its reputation in the world.

### Jordan-Based Representative Speaks

Abu Dhabi AL-ITTIHAD in Arabic 19 Jan 86 p 9

[Interview with Ibrahim Bakr, independent figure, by Taha al-Nu'man]

[Text] In Amman, we had a conversation with the lawyer Ibrahim Bakr. Ibrahim Bakr is an independent Palestinian figure who held the position of vice president of the Liberation Organization's executive committee for a short period in 1969, then resigned, becoming a member of the central council and the Palestine National Council in 1970. He is one of the people who boycotted the recent 17th session. He was the chairman of the famous committee of 18 that was assigned to mend the rift and schism which occurred in the FATAH movement in 1983. The committee's mission nonetheless met with failure and the rift occurred. I admit that the conversation with Ibrahim Bakr was the most difficult of all of them, because the man brimmed over with bitterness and remorse over his unsuccessful mission. He held the leadership responsible for almost everything that happened. After the conversation one of his devoted friends explained to me the secret of this bitterness, saying that the man had been exposed to "degradation and notoriety," although he was "independent." Our conversation with Ibrahim Bakr was more like the scraping of a scab and pricking of a needle, but the conversation was as important as the committee he had been assigned to chair which ended in failure. If the rift in FATAH had been mended, as he says, the resistance would not have been split, national unity would have remained and what happened would not have happened.

### A Basic Cause and a Pressing Need

[Question] I would like for us, at the beginning of our conversation, to hear from you an evaluation of the conditions of the Palestine revolution in the light of the developments the resistance has witnessed since the departure from Beirut. In these conversations of ours, we are trying to find our way along the roads and paths that will lead to national unity.

Ibrahim Bakr: What cannot be doubted is that Palestinian national unity is a basic cause and a pressing need. It must be realized today, not tomorrow, especially since the Liberation Organization has started to erode and proceed on the road to dissolution, so that as a result it is fated to be just a "label," as was the case previously with the Arab Higher Authority for Palestine or before that the General Government of Palestine. However, as we are talking about national unity, there is a very basic issue, which is that the Palestine cause is not an "inherited legacy," in the sense that no individual, no matter who he might be, regardless of any history of struggle he might have, can deal with the Palestine cause in accordance with his individual will. The cause concerns first of all the Palestinian people and at the same time secondly it concerns the whole Arab nation. When we say that the Palestine cause is the central national cause, that connection is not haphazard. The Algerian revolution was one of the great revolutions of the modern

era, and it was an Arab revolution; it has not been spoken of or described as the central Arab national cause.

It is true that the Arabs' emotions were on the side of the Algerian revolution and they offered it some material contributions, but Arab blood was not shed on the territory of Algeria except in minor individual cases. The Algerian struggle, in terms of actual participation in resisting French colonialism, remained that of the Algerian people. However, the Palestine cause is the most important cause of liberation in the modern era and the Arabs have contributed blood, money and human and material capabilities to it and still are doing so. Regardless of the tragic results the Palestinian cause has come to, the Arab people, especially those who were neighbors of Palestine, have offered tremendous human and material sacrifices in the Arab-Israeli struggle.

Therefore there is no such thing as independent Palestinian decisionmaking if we really and truly believe that the Palestine cause is the Arabs' central cause. Therefore, it is not permissible to advocate independent Palestinian decisionmaking. It might be true that independent Algerian decisionmaking was advocated during the Algerian revolution, but as far as the Palestine cause goes there must be "independent national nationwide Arab decisionmaking" -- that is, all the Arabs participating in the Arab-Israeli struggle and those who have offered sacrifices have the right to formulate decisions related to the settlement of this struggle. Even if the Palestinian leadership has the confidence of the whole Palestinian people, it does not have the right to make decisions regarding the settlement of the Arab-Israeli struggle.

This is one thing. As to the second thing, this is that because of the dispossession of the Palestinian people and their distribution among numerous populated communities inside and outside their country, no Palestinian official can lead the Palestinian people by tyranny and oppression, whether this commander is a head of the Liberation Organization or not, whether the organization exists or does not, and cannot impose his will on the Palestinian people as any tyrannical ruler imposes his will on the people he rules, because tyranny, to succeed, requires that there be territory, a state, an army, an intelligence service and institutions. Therefore, it is not possible to lead the Palestinian people without a platform and nationalist conduct, and policies which do not take this matter into consideration will not receive the consensus of the Palestinian people.

Now, let us go back to the issue of national unity, where the first question is raised: does the current Palestinian leadership realize the existing predicament in Palestinian national action and the Liberation Organization and realize what the body that has brought it to this predicament is? Does this leadership know what winnowing-out process it has carried out on the Palestinian stage which has driven things to such a predicament? If it is the organization's leadership, it would be foolish to discuss the matter of national unity, because all national unity requires first and foremost a return to Palestinian constants, constants which have been debased, violated and severely disrupted in the winnowing-out process which has taken place on the organization's arena, with all the political and organizational

consequences that have resulted from that, which have been reflected in the Palestine National Council in its "illegitimate" 17th session.

These are constants which were settled in the course of successive Palestine national councils, ending with the 16th one, which was held in Algeria. Does the current leadership realize the political and organizational consequences that have resulted from the holding of the 17th "schismatic" council or not? I do not find information at hand that the leadership supervising the administration of the organization has the desire to retreat from the political and organizational consequences the 17th council produced.

When the leadership becomes aware of this important matter, the restoration of national unity to the Palestine Liberation Organization will become an easy process, and it will be easy to create the mechanism for it.

#### Returning to the Constants That Have Been Stipulated

[Question] Therefore there is no actual chance at hand for restoring national unity on any basis?

Ibrahim Bakr: National unity must be established on the basis of returning to the constants stipulated in the successive National Council sessions, especially what was issued by the 16th national council held in Algiers and the constants this session approved.

[Question] Let us go a little into details. What is your opinion about the Jordanian-Palestinian agreement?

Ibrahim Bakr: This agreement infringes on the Palestinian constants. It consists of a mechanism for carrying out the Reagan plan, which speaks about the Palestinian people's right to be linked to Jordan, in terms of abrogating our Palestinian people's right to self-determination and the Palestine cause as one of borders between Jordan and Israel, not a national cause.

#### A Distinctive Relationship with Jordan

[Question] But the agreement stipulates a confederation between "the two states of Jordan and Palestine."

Ibrahim Bakr: Confederation is established among a number of existing states, but we see only one state existing at present, the Jordanian state. At its 16th session the National Council stipulated confederation after the establishment of the Palestinian state, not before it. It is not an issue of the relationship with Jordan and there is no room to tolerate auctioneering. We are Jordanians and the relationship between the Jordanian and Palestinian people is indeed a distinctive one. When we raise the call for an independent Palestinian state, that is not directed against Jordan or any other Arab country or against the interests of the Arab liberation movements and Arab unity. Rather, it is directed against imperialism and Zionism, which ignore the right to self-determination and the Palestinian state. The quarrel with the Jordanian-Palestinian agreement is not over a confederation or the absence of one, but the rights and identity of the Palestinian people.

[Question] How do you evaluate the Jordanian-Syrian rapprochement arising from the committee to purify the Arab atmosphere that developed out of the Casablanca summit, especially since the joint statements issued as a result of the reconciliation talks did not once come up with a reference to the Liberation Organization, although they did talk and deal with a discussion of the Palestine cause and asserted that there would be no partial, separate solutions to the Middle East crisis?

Ibrahim Bakr: This question must be directed to the Palestine Liberation Organization leadership and all the "philosophers and proponents of the winnowing-out," who answered the call "Get rid of the extremists and the Americans will accept you."

### I Condemned the Process of Internecine Fighting

[Question] On the subject of the "winnowing-out," do you believe that the people who acted to establish the "Salvation Front" after the internecine fighting in the al-Biqa' and northern Lebanon have also helped bring the Liberation Organization to the point it has reached?

Ibrahim Bakr: When matters reached the point of a winnowing-out, I was then chairman of the committee of 18 that arose from the central council to resolve the disputes. At that time, I condemned, in writing and verbally, the process of internecine fighting which the movement of the "uprising in FATAH" was carrying out, because the FATAH movement is not a building that can be taken over by force and does not consist of forces that can be taken over. "Coups" do not succeed in the Palestinian context. How can you stage a coup in order to take the reins of initiative among a fragmented people who are scattered over the various areas of the world? This process is to be condemned without reservation as far as both the people who have engaged in it and those who have supported it are concerned.

However, while we are on this subject, the winnowing-out, in reality, did not begin in Amman during the November 1984 national council. The chairman of the executive committee and general commander began the winnowing-out when he issued 52 resolutions shortly before the "uprising" in FATAH broke out, 52 resolutions which in essence constituted a coup d'etat that had the goal of transferring the good military personnel who had been proved in combat over the years from command posts to administrative posts, to be replaced by officers whose flight in the face of the enemy had been proved, especially during the Zionist invasion of Lebanon in 1982, and whose trial and subjection to necessary punishment FATAH circles themselves had been calling for, should anything of this sort be proved against them. Therefore the problems and vexations arose, and the winnowing-out began to be directed, until it took place in the FATAH movement and was carried out in the context of the whole Palestine Liberation Organization, so that it would be easy to proceed with the platform which came to be called the "platform of deviation," the platform which is satisfactory to America, the platform of endless concessions.

While talking about what happened, we state and wonder why 'Arafat went to Tripoli at that time. When he went, there was no fighting. At that point the



18 committee had come very close to bringing about a repair of the rift in the FATAH movement and therefore within the Liberation organization and then between FATAH and Syria. Why the trip to Tripoli? It was to make the mission of the 18 fail and to establish the winnowing-out, for the sake of proceeding with a platform which some Arabs and "Palestinians of America" tried to win 'Arafat over to for a long time. He was very hesitant in accepting it until they most unfortunately managed to win him over to it in the end.

[Question] What was your course of action in dealing with the dispute when you were on the abovementioned committee of 18? What was the essence of your discussions? Doesn't it appear that you reached the conclusion that you should be one of the "groups" rather than being the "intermediary," as Abu 'Ammar said?

Ibrahim Bakr: What has been said in this regard is 100 percent incorrect. I would like you to publish this statement verbatim:

We drew up the memorandum which contains the solution and presented it to the two parties of FATAH. The FATAH movement's central committee was asked for its discussion of a solution. We actually went to Tunisia and met with the central committee. The central committee gave us its agreement to the memorandum, to everything stated in it. In its written reply, the central committee wanted the formation of a joint committee which would exercise all the powers set out in our memorandum -- a "transitional committee," which would assumed the function of presenting its resolutions to the FATAH movement's central committee, with the central committee committed to the execution. After that, we met with Yasir 'Arafat, and Salah Khalaf (Abu Iyad), Mahmud 'Abbas (Abu Mazin), Saqr Habash and others from the central committee attended the meeting. This meeting was in the home of Hakam Bal'awi, in the Liberation Organization headquarters in Tunis. 'Arafat said, in these words, that this committee, which was supposed to have been made up of the two sides of FATAH, needed persons outside FATAH as observers to make its mission a success, because the two parties had a dispute. Our view was that this was the task of the chairman of the National Council and he could participate in it, but 'Arafat insisted that I personally should be present at this committee's meetings, and he refused to have Khalid al-Fahum chair the National Council. He did not accept all the excuses I presented, that I was preoccupied and present in Amman while the committee was meeting in Syria and did not have the time to spend months in Syria until the committee completed its work. However, he insisted and said that this mission was of a high degree of importance, and I had to attend all the meetings. I did not give an answer of final agreement and said, "I will see how it works out." This statement was in the presence of Yasir 'Amr, Dr As'ad 'Abd-al-Rahman, Salah Khalaf, Faruq Qaddumi and others. Therefore what was said on the part of 'Arafat or others that the committee was biased was not true. This committee did not take sides. Rather, it is very unfortunate that this committee was not given the chance to succeed after it had almost come close to restoring unity to the FATAH movement. The real reason for its failure was the prior decision on the winnowing-out process. In order to hasten to make this committee's mission a failure, 'Arafat went to Tripoli, it "got lit up" and others in the "uprising" were foolishly drawn into the fighting in Tripoli that he was seeking. He is to be condemned for the internecine strife

and they are to be condemned for it as well. He is to be condemned for going there in this atmosphere of crisis and they are to be condemned for going to Tripoli and being drawn into the fighting. The result was the trip to Cairo.

As far as I personally am concerned, I knew Abu Musa or most members of the uprising only by name. Some of them I did not even know by name. My personal relationships and friendships are with the members of the central committee and my strongest friendships were with Abu 'Ammar and Salah Khalaf, more than with George Habash, Nayif Hawatimah and the others. Therefore, the statement that the committee was biased is belied by the facts.

Let Us Go back to National Unity

[Question] After all this, let us assume that we now intend to venture toward national unity. How do you, from your previous experience, imagine the initiative should be phrased?

Ibrahim Bakr: I had hoped that Abu 'Ammar, after the series of "humiliations" that were inflicted on the Palestine Liberation Organization, starting with the Israeli raid on Tunis, the raid which was backed up in American terms, the incident in London with the Jordanian-Palestinian delegation, the withdrawal of the invitation to Yasir 'Arafat to give his speech at the United Nations as a result of American pressure, the withdrawal of the market council of ministers over his desire to negotiate for the Palestinian side, the story of the ship Achille Lauro and the incident of the Egyptian airplane which the American air force hijacked -- I had expected of 'Arafat that rather than go on an official visit to Cairo where the Israeli flag is flying and the sequestered Arab League headquarters are, I had expected that he would go elsewhere and would address the Palestinian people via a press conference to which he would invite Arab and foreign journalists and in which he would say "Let us forget the 17th council with all its political and organizational effects and let us go back to national unity by calling for a council with the composition of the 16th session, so that we can present all our disputes and problems there and deal with them in order to reach real national unity, and so that we can set the whole course of the Palestine Liberation Organization straight."

This is what I told a number of brothers in FATAH here, so that it would be passed on to Abu 'Ammar. I told them, "Also tell him that this raid on the Liberation Organization in Tunisia was aimed at him personally." 'Arafat is indeed personally a target, because there is an American-Zionist decision to put an end to his life, since they do not want the Palestine cause to be raised at any negotiating table, even through the Amman agreement. They want it to be an issue of borders between Jordan and Israel, and Yasir 'Arafat's presence would stand in the way of that sort of goal, because, whatever he is, when he sits down at the negotiating table he will speak only on the Palestinian people's behalf.

The Cairo declaration was made and, by virtue of this declaration, Dallal al-Mughrabi, the martyr of FATAH, the Palestine revolution and the Arab nation, became just a "terrorist." I am against terrorism, but isn't all Israel founded on terrorism? Terrorism, in the lexicon of America and Israel, means "liberation movements" and their armed struggle.

[Question] The brothers in the FATAH leadership consider that the Palestine cause is hedged about by many numerous contradictions, in the Arab and international spheres, and they consider that this is the special nature of the Palestine cause, since the majority of the people are in the diaspora. It takes dynamism and a daily ability to maneuver that transcends all the great, small and embarrassing barriers which surround this cause. All it takes for a Palestinian leader or functionary to lose his ability to move is for one of the Arab countries surrounding Palestine to take a simple decision to confiscate a passport. All it takes for him to end his mission is for it to prevent him from entering.

As far as Egypt goes, the brothers say that it is necessary that the field not be abandoned to Israel, and we must help Egypt and the Egyptian people, who have flown a million Palestinian flags in the face of the Israeli flag, get rid of the Camp David agreements and their restrictions. What is your reply?

Ibrahim Bakr: That is nonsense. The Arab body that most needs to adhere to the writ of the Arab summit resolutions is the Palestine Liberation Organization. The Baghdad summit took the decision to boycott Egypt politically and the Liberation Organization specifically must not violate it. The Liberation Organization specifically must be an overseer over the Arab countries so that they do not violate this resolution. For the Liberation Organization to violate this resolution is a very harmful, bewildering thing.

Let us see what the results are. Have the national movement in Egypt and the Egyptian people really benefitted from the restoration of relations with Egypt? The regime in Egypt insists every day on the policy of peace with Israel although it is a strategic policy. Does this benefit the Egyptian people and the national movement in Egypt? Yes, the Egyptian people fly Palestinian flags and burn the Israeli flag. Will recognition of the Egyptian government help this current? This is all "sleight of hand" to justify improper positions. Now, when the African or Asian countries which boycott Israel and support the Palestinian people's cause see that the greatest Arab country has established relations and recognized Israel, that other Arab countries play host to Jewish, Zionist conferences and that the Palestine Liberation Organization is establishing relations with the regime in Egypt, why should this sort of country sever its relations with Israel or not establish relations with it, as happened recently with the Ivory Coast or Sri Lanka? How can it justify this sort of position for itself? The isolation around Israel has started to break up, and who has helped it break up?

Yasir 'Arafat Is a Fighting Man

[Question] Let me go back once again to the 17th session of the National Council. You are one of those who boycotted this session. Don't you believe that the council, in its composition prior to this session -- if the ones who boycotted attend, the results will be politically and organizationally different?

Ibrahim Bakr: The results would not have been different. The winnowing-out was the goal, and this is a long story. Concerning it, I might mention that

here in Amman, in the few days just before the holding of the council, an initiative was made on the part of Salah Khalaf, Abu Iyad, Faruq Qaddumi and other FATAH leaders. We told them in this initiative that the executive committee that had been suspended should meet with a quorum, and we would guarantee that we would bring the members who staged the boycott to its meetings. This committee would meet under 'Arafat's chairmanship and adopt a decision by the invitation of the central council. The central council would discuss all the political issues and invite the National Council to meet. We do not want you to suspend your measures to hold the National Council on 22 November 1984, but give us a moral commitment on your part to agree to this, if we bring you the agreement of the others, and we can defer the National Council meeting on the 22nd until the executive committee and the central council meet. However, they refused.

There was a conviction that this winnowing-out would lead to a settlement.

Ibrahim Bakr then added, "I am not insulting Yasir 'Arafat. Yasir 'Arafat is a fighting man. He has faced hundreds of attempts to end his life and become a martyr in the course of this long journey. However, his problem, as I understand it, is that he does not want to be another Hajj Amin al-Husayni, in the sense that he does not want to leave this worldly life without bringing the Palestinian people something. However, this is something that is outside his will. It is not his fault or the fault of the Palestine Liberation Organization if it cannot liberate the Palestinian people today. It is due to the bad Arab situation and due to the unsuitable Arab situation. It is honor enough for Yasir 'Arafat that while he was at the head of the Palestine Liberation Organization it realized a massive gain for the Palestinian people. He brought the Palestinian people back onto the stage of life and the stage of history and asserted that there was a people who had a right to Palestine. That is a political gain which one cannot disdain. That is enough for him."

[Question] It appears that you rely mainly on the position of the Palestine Liberation Organization leadership as the key to "national unity." Does that mean that the current leadership should review its previous positions and be condemned openly, so that the road to national unity will be clear?

Ibrahim Bakr: I actually wonder whether this leadership is prepared for national unity. I am not asking them for a position of "papal criticism" where they will sit down at a Catholic confession box. I am not asking that. I say that if they have conviction in national unity, the sooner they hasten to put this conviction into concrete form the better that will be for them, for the cause, for the Palestinian people, for the Arab nation and for the whole world liberation movement. The Palestine cause, as I see it, does not concern the Palestinians or the Arabs alone, but concerns all the fighting peoples of the world.

[Question] How then can this leadership free itself from Arab pressures?

Ibrahim Bakr: What Arab pressures? We are exaggerating the Arab pressures. At least the Arab plan that has been proposed, which is called the united Arab plan, the Fez plan, is enough for us at the present time. There is no

Arab country which has said "I am against Fez," and nothing more than Fez is required now of the current Palestinian leadership. I am not bidding against 'Arafat or telling him I want all Palestine at the present stage. I am telling him, with the territory of the West Bank and the Gaza Strip I will add a Palestinian state, and "may your bounties increase."

[Question] Doesn't this require the recognition of Resolution 242?

Ibrahim Bakr: It does not require recognition of 242, because recognition of this resolution will not give you the right in the future to work to liberate all Palestinian territory. As for peace according to the American-Israeli platform, that will turn the Palestinian state into a "statelet" and will turn the countries adjacent to Palestine into Israeli protectorates.

#### Leader Advocates New Start

Abu Dhabi AL-ITTIHAD in Arabic 21 Jan 86 p 9

[Interview with Khalil al-Wazir by Taha al-Nu'man]

[Text] It was very difficult talking with Khalil al-Wazir, Abu Jihad, the deputy general commander of the forces of the Palestine revolution and a founder of the FATAH movement. This time was totally different from our meeting last October; it was more oriented toward concision and the weighing of words, while the previous time it had been so verbose that we had to break the conversation down into three installments. Abu Jihad avoided entering into the details of the conversation we held with the other Palestinian leaders on national unity. When we presented the ideas of the "brothers" and "comrades" in the other organizations to him, he wondered, with a bitterness which he stamped with his customary calm, "Do you believe that this is the conversation of people who want national unity?" He insisted throughout the conversation on formulating his words in extremely general terms.

AL-ITTIHAD: We would like your view in FATAH on the sum total of developments the Palestinian resistance has experienced since the departure from Beirut and your evaluation of the crisis the Liberation Organization is going through, which is manifested in the state of rift and fragmentation, and where the responsibility for everything we see lies.

[Answer] We do not want to be in a position of defending the steps FATAH and the organization have taken in the recent stage. When we see the thinking of our brothers in the organizations that are present in Damascus proceeding from a position of making accusations and casting doubts in a spirit which we think was one of the prime reasons for the blow at national unity, the subjective position which says that it is the right one and others are most wrong, without study or readiness to accept the thinking and opinion of others, that constitutes a grievous position which has its effect, without a doubt, on the course and on any meeting aimed at implanting unity. We do not want to get into the details of the dispute so much as we must always seek points of concurrence, not causes of mutual estrangement, because if we want to go back to the past we ourselves have much which we could consider crimes

against the revolution, the cause and the people in which these groups have taken part, along with the Syrian regime, plainly, to the end of striking at the unity and course of the Liberation Organization, with each one having his own goal in this action.

Abu Jihad added in exactly these words:

"Since the June 1982 war of confrontation with the Palestine revolution and the fraternal Lebanese people, that broad Zionist aggression against Lebanon, when the revolution persevered and these forces persevered for 88 days in the face of the forces of destruction and aggression, we will not forget the nature of the Syrian position, which deprived the fighting men of all weapons and volunteers and withdrew many of the defensive weapons which had been around the camps a few days before the fighting, and other facts whose sad pages we do not want to turn over once again, because that will open a wound which we all want to transcend. However, this Syrian position advanced a scheme which was aimed at striking at the Liberation Organization and its unity, created the rift within FATAH and worked to develop it within the Palestine Liberation Organization. The bloody struggle which spread out over the al-Biqa', Damascus and Tripoli took place under Syrian stewardship and Syrian support, creating circumstances which compelled the leadership and forces of the organization to leave Syrian and Lebanese territory. This did not stop at that point. Indeed, we saw Syrian political attacks, using every means of pressure even on those organizations residing in Damascus to keep them away from all meetings in the context of the organization. The story of the days of the Palestinian dialogue in Algiers and Aden is a well known one -- the Syrian decision which was conveyed to these leaders in the words of 'Abd-al-Halim Khaddam himself, that anyone who met with the FATAH leadership and 'Arafat had no place on Syrian territory, and the continuation of this pressure in a manner which responded [sic] to attempts to form the 'Salvation Front' or others for the sake of creating an alternative to the Liberation Organization or the parallel formation which would weaken the image of the Palestine Liberation Organization on the Arab and international stage."

#### The Attack Is Ongoing

Abu Jihad went on to say, "The Syrian view, which was stated to these people, was that on Syrian territory 'there is one opinion not two and no one holding an opinion differing with ours will be allowed to remain on our territory' -- all this has its role and effect on the situation on the Palestinian stage. Our basic question is, has this Syrian position changed? Can our brothers avoid these pressures, so that we can move on to the Aden-Algiers discussion? What have been the causes for its suspension? Why hasn't there been a commitment to what was agreed to in the presence of the Algerian and Democratic Yemeni delegations?

"Let us prepare for the evaluation of the situation the Palestine revolution is going through during this stage, avoiding all the details and bitterness of the past.

"The American-Israeli attack is an ongoing one. It wishes to be aimed at the elimination of the leadership of the Palestinian people and destruction of

the Palestine Liberation Organization. They are the ones who are gladdened by this fragmentation on the Palestinian stage, and are continuing the vicious attack, on top of the fragmented nature of the Arab state of affairs and the unstable international situation. The people of Palestine find themselves in a difficult situation. The doors are closed and there are no illusions that a settlement is forthcoming. They are Americans and Israelis who want only death, destruction and the persecution of every political movement advocating our rights which the Palestine Liberation Organization carries out. There is no way to confront all these conspiracies except through a single Palestinian position and unified Palestinian ranks. Therefore, the FATAH movement and the Palestine Liberation Organization leadership have not hesitated to make a sincere appeal for the need to meet on the road to national unity, however alienated people's positions might be and however the campaigns of casting doubts and making accusations among us might be, because the cause concerns the destiny which belongs to all of us and there is no alternative no matter how much time may pass or how the road from this meeting might extend. Our appeal does not include the presence of preconditions from any of us toward the other and we can present all issues, interpret all positions and respond to all questions at the fraternal meeting table, as with the Algiers-Aden meeting, which constitutes a model. There were contradictory ideas and mutually estranged positions at the first meeting, and at the fifth meeting the Palestinian agreement known as the Aden-Algiers meeting was signed.

#### The Amman Agreement

AL-ITTIHAD: In our conversations with the brothers in Damascus, they directed severe criticisms at the 11 February 1984 agreement and considered this agreement in effect a final divorce from the tentative program, the program to return and gain self-determination, an independent state and independent Palestinian representation. Participation has taken the place of unique representation and confederation, or federation, has taken the place of the independent state. What is your view and how do you evaluate the agreement?

Abu Jihad: For example, these doubts concerning the Amman agreement are full and brimming over with wrongful interpretations. We for our part believe that this agreement constituted a penetration, on the international stage, of this political freeze which had surrounded our cause after the Tripoli conflict, the schism and the attempt to strike at the Palestine Liberation Organization. We have stressed commitment to the national constants we have repeatedly declared, which are embodied in the resolutions of the national councils, no participation, assignment or delegation, and when there was an attempt to trespass against these constants in London, the Palestinian position of preserving these constants rose to the fore. From the conversations that are taking place and the pressures that are being exerted now concerning Resolutions 242 and 338, the Liberation Organization has constantly declared its clear position on these two resolutions and our frame of reference on this is the Palestinian-Jordanian agreement itself, which includes all aspects of the issue, not a separate part of it. When we talk about "all the United Nations and Security Council resolutions," our question always is, where is the place of United Nations General Assembly Resolutions 181 and 194, which stipulate our right to a Palestinian Arab state and our right to the refugees' return to their homes?

When we talk about a "confederation," it is clear even in the stipulations that that would be between two countries which have chosen confederation as a means for coming together, and that is what the resolutions of the 16th session of the Palestine National Council called for and the 17th session consolidated.

These issues remain the subject of individual theories and we must refer to our National Council in ruling for or against them. It is unfortunate that the National Council should be described by some brothers as being of a structure which is built in a manner which is not in harmony with the nature of the actual balance of forces on the Palestinian stage, when we want to strengthen dissenting opinions or state that it is necessary to refer to the National Council and its resolutions when we seek a position which we need, because everyone knows that the positions of some forces in the National Council are given much more than the actual weight of their real forces on the stage. Something of this sort has also occurred in ordinary and union organizations. FATAH has always been a proponent of direct open elections on all levels at a time when many people have been opposed to them.

#### Conditions of National Unity

AL-ITTIHAD: What steps do you consider necessary for bringing about Palestinian national unity? Do you have a specific vision on the practical aspect of this issue, and do you yourself for your part have any conditions which, if met, you believe should be considered the minimum for any meeting?

Abu Jihad: We have called for a renewed Palestinian national meeting without any preconditions. Issues which can be the subject of debate, dialogue or differences in opinion can, when we set out the basis for the new meeting, be presented before the national institutions, especially before our coming national council, since that council will be its own master, and there will be every right to discuss all previous resolutions and adopt a suitable new position concentrating on the nature of the circumstances which have recently come into being as far as the cause and fighting and political activity are concerned.

AL-ITTIHAD: Didn't the composition of the Palestine National Council witness any changes in the previous session, while the brothers in the organizations said that there was no real quorum at this session?

Abu Jihad: The people who are worried about the composition of the National Council know that membership in it is sacred and that all members have the right to attend any coming session except those on whose rights organizational resolutions might be issued by the council itself. There has been nothing of that so far and therefore all the members of the 16th session have the right to attend all new sessions.

#### Resolution 242

[Question] The Egyptian president Husni Mubarak recently declared that the Palestine Liberation Organization must recognize international Security Council Resolution 242 in the course of a month or two, or the organization



or 'Arafat will be the greatest loser. How would you evaluate this sort of declaration? Are you being subjected to real pressures in this regard?

Abu Jihad: Regarding the constant pressures which media campaigns keep making in order to make the Palestine Liberation Organization seem to be in a position of having to make a final decision on Resolution 242, we would like to stress that the Liberation Organization has always declared its national constants and has stated on many occasions in the words of all leaders that it does not consider that it is being squeezed into a corner, as people say or imagine. The Liberation Organization will always remain the basic intractable figure in the Middle East cause. Why should we always be asked for card after card, while Arab efforts are not concentrated on those enemies who are increasing the campaigns of fraud and asking concession after concession though they do not offer any concessions on their part regarding recognition of Palestinian rights, rights which the forces of international legitimacy and most countries of the world have recognized? Let the pressure be directed at the United States of America itself and the Israeli enemy itself. What is the position regarding the American secretary of state, Shultz, when he says "We will not recognize the Liberation Organization even if it recognizes Resolutions 242 and 338?" The leaders of the Israeli entity keep repeating the same position. Why shouldn't the Arab leaders carry out extensive international campaigns in order to compel these people to recognize Palestinian rights instead of putting pressure on the Liberation Organization to recognize Resolutions 242 and 338?

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AFGHANISTAN

VARIOUS PUBLIC PROJECTS TO BE COMPLETED

Kabul HEYWAD in Dari 3 Nov 85 p 4

[Text] The construction department of the executive committee of Kabul's city council as a major construction undertaking in its current year's plan has included the erection of various projects which when completed and ready for use can help resolve a great deal of our fellow citizens' problems.

HEYWAD's correspondent, while quoting the director of the construction department of the executive committee of the Kabul's citizens, goes on to write: The construction department of the executive committee of Kabul's city council has included various public projects in its current year program and work on all of these projects is continuing quite rapidly.

- 1- The project for pouring pitch as underlayment for new street: In this project about 4.8 kilometers of new streets have been considered which will cost 50 million afghanis. The construction department of the executive committee of the Kabul's city council has been able up to this past July to complete 100 percent of such planned projects and prepare them for use.
- 2- Street reparis: In this project the repair work of a total of 25,404 square meters of roadway with a total cost of 33 million afghanis has been foreseen.
- 3- Gravelling the streets: In this project a total of 40,000 cubic meters of gravel with a cost of 30 million afghanis has been provided and during the first quarter of the current year about 71 percent of this project has been completed.
- 4- Lighting the streets: In this project the cost of lighting equipment for 3.1 kilometers of streets at a cost of five million afghanis has been foreseen.
- 5- Bridge and bridgelet construction project: In this project the construction of 328 meters of small bridges at a cost of six million afghanis for the current year has been predicted.
- 6- Street curb waterways project: In this project the construction of street curb waterways with a length of 1,416 meters at a cost of six million afghanis has been foreseen.
- 7- Parking project: The construction of one parking project with a total cost of six million afghanis has been planned.

8- Sidewalk project: The construction of sidewalks with a total cost of six million afghanis has been predicted.

Other major construction projects include the following: The Shahr-e Ara residential project at a cost of 50 million afghanis of which 88 apartments will be ready for occupancy by the end of the current year.

The Vazirabad modern shopping center at a total cost of 13 million afghanis which is under construction and part of it will be available for use in the current year.

Construction of Kheyr-Khaneh's cinema project at a cost of nine million afghanis which will be completed shortly and ready for use.

The Biz transport project at a total cost of 35 million afghanis of which the delivery section and some workshops have been completed and will be soon made available for use. Also construction of seven large public shade-booths at a cost of seven million afghanis and construction of a modern public lavatories facility at a cost of two and one half million afghanis have been foreseen. Furthermore, 276 units of single restrooms are planned for installation throughout the city at a total cost of two and one half million afghanis.

12719

CSO: 4665/25

AFGHANISTAN

EFFORTS MADE TO IMPROVE FUEL DISTRIBUTION

Kabul HAQIQAT-E ENQELAB-E SAWR in Dari 5 Nov 85 p 4

[Text] According to the guidelines of the party and the revolutionary government of the DRA, in order to alleviate the fuel needs of Kabul's inhabitants every year, a certain quantity of fuel such as coal, diesel fuel, crude oil, gas and other similar products are made available to the citizens. For this purpose, the executive committee of Kabul's city council along with its other tasks, in order to improve and advance the process of preparation and provision of firewood needed by the citizens, has made great efforts to provide the necessary and adequate quantities of firewood for various districts of the city ahead of time and the date for the distribution of this item is set as of 23 October at 46 afghanis per Sir and each family is eligible to receive 40 Sirs or firewood.

Moreover, with due regard to the required quantity of fuel by the inhabitants of Kabul, the fuel department has made the necessary fuels such as kerosene, and diesel fuel, etc. available to the public through eleven pumping or gas stations and six other distribution centers so that our fellow citizens will be able to get their needed fuel without problems from the above-stated centers.

The source went on to add: Although there are no accurate statistics available which can pinpoint how many families use kerosene or other oil products at home, yet we can very assuredly say that in the current year the situation for the provision of oil products has been considerably better than the year before and as a result of the installation of the abovementioned gas pumps and distribution centers, the process has provided some needed facilities for our fellow citizens and government institutions.

Similarly, based on the requirement needs as foreseen by the general director of the Kabul Briquet factory, the distribution of thousands of tons of coal is continuing in various parts of the city of Kabul and during the current year the preparation and distribution of coal in comparison to last year has increased 25 percent. The necessary supply of the commodity needed by the people is available at fixed prices and in abundant quantities by the various distribution networks and the price of every 900 kilograms of coal for each family is fixed at 1,000 afghanis and the cost for its transfer is calculated according to the following formula:

The cost of transport of one ton of coal from the distribution center up to a distance of two kilometers will be 150 afghanis.

The cost of transport of each ton of coal from the distribution center up to a distance of 2-5 kilometers will be 100 afghanis.

And the cost of transport of one ton of coal from the distribution center up to a distance of 5-10 and more kilometers will be 80 afghanis and all the distribution procedures regarding the transfer distance will be controlled by the agents of the Kabul Traffic control department.

In order to insure a just distribution of coal to the indigent or needy people, first, in all the pertinent distribution centers there will be a committee composed of party district representatives, some of Kabul's city party committee members, the National Fatherland Front and the Briket Factory representatives who will prepare a list of the needy applicants and thereafter according to the deposit slip of the bank, which is required for the purchase of coal, the turn of delivery of coal will be duly determined.

However, in all such cases priority will be given to the army and revolution corps personnel who can receive their needed supply of coal without waiting for their turn.

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INDIA

## PRESS REPORTS DEVELOPMENTS IN CPSU-CPI-M RELATIONS

### Invitations to Congress

Calcutta THE TELEGRAPH in English 22 Dec 85 p 4

[Article by Tarun Ganguly]

[Text]

Calcutta, Dec. 21: The CPI(M) does not want to rock the boat so far its relations with the Communist Party of Soviet Union (CPSU) and the Communist Party of China (CPC) are concerned. It is for this reason that the CPI(M) has not invited any of the communist parties from abroad to participate in the 12th party congress scheduled to start here from December 25.

The CPI(M) established party-to-party relations with the CPC in May 1983. With the CPSU, it has no official relations although there are fraternal ties between the two parties.

The CPI(M) usually invites delegations from communist parties with which it has party-to-party relations. Accordingly, the CPC should have been asked to send a delegation for the congress. Since it has no party-to-party relations with the CPSU, it cannot invite a party delegation from the Soviet Union. Accordingly, to avoid embarrassment, the CPI(M) has decided not to invite delegations from any or

the communist parties with which it has official ties.

Instead, the CPI(M) has requested the communist parties with which it has ties to send friendly messages. It may be recalled that way back in the late Fifties, Soviet ideologues like Michael Suslov and Din Mohammad Kunaev had attended congresses of the then undivided Communist Party.

The CPI(M), after establishing official relations with the CPC, had improved its relations with the CPSU. But soon it realised that the CPSU was not eager to have official ties with the CPI(M) at the cost of the CPI, with which it has old relations. After this realisation, CPI(M)'s enthusiasm about ties with the CPSU cooled off and the party reverted to its old line of equidistance from the CPSU and the CPC.

As of now, the CPI(M) prefers to maintain status quo in its relations with both the Soviet and Chinese communist parties, without going for any qualitative improvement in such relations.

Article by CPI-M Politburo Member

Calcutta THE TELEGRAPH in English 24 Dec 85 p 8

[Article by M. Basavapunnaiah]

[Text]

When The Telegraph requested me to write an article on the subject of CPI(M)'s relations with the Communist Party of the Soviet Union (CPSU) and the Communist Party of China (CPC) with the hope that my article on the issue might "clear all confusion on the subject," I agreed to do it. But with no illusion that one article of this nature can clear all confusion on the topic.

In fact, there is no reason for any confusion on the question since the party-to-party fraternal relations between the CPI(M) and the CPC, which were broken during the years of 1966-67, were restored and normalised in May 1983, while there were no such formal and fraternal party-to-party relations between the CPI(M) and the CPSU. They were never forged since the birth of the CPI(M) as a separate party in the year 1964. The CPSU continued with its party-to-party relationship with the CPI. On this score there can be no room for any confusion.

Then the question remains where exactly the relationship between the CPI(M) and CPSU, at the present stage, stands, and what it implies. Before we answer the question let us make it clear that the CPI(M) has always regarded the CPSU as the mightiest communist party heading the formidable Socialist Soviet Union, irrespective of the CPI(M)'s political-ideological divergencies on certain issues with the leadership of the CPSU. It is, of course, quite a different thing that these divergencies did not remain static, and they were undergoing several changes in the continuous changing process of events of history and life. It is

irrelevant and beyond the scope of the present article to deal as to what these changing events of history and life were, during the last 21 years, since the formation of the CPI(M) in 1964.

Returning to the issue under discussion, the CPI(M) does take note of the fact that the relations between the CPI(M) and the CPSU have mellowed during the last few years. In the recent past, the CPSU leadership has been formally communicating with the Central Committee (CC) of the CPI(M), forwarding some letters and documents. Besides, the CPSU has been inviting our party's delegations on occasions such as the 40th anniversary of anti-fascist victory day celebrations. The CPSU also is helping the CPI(M) by rendering medical assistance to some of our seriously ailing party cadres. Further, the delegations of the DYFI and SFI, etc., in which the CPI(M) holds leading positions, are being invited to the Soviet Union on a number of occasions and for a series of functions.

All these developments go to reveal the fact that the relations between the CPSU and the CPI(M) have become warmer with the two parties coming closer over the last two to three years. And yet no formal and fraternal party-to-party relations have been established between the CPSU and the CPI(M), so far, though this does not impede our working together on issues such as the struggle for world peace, anti-colonialism and similar other issues of common interest.

Now the question arises as to what it amounts to if two communist parties have formal fraternal, party-to-party relations, and in what way they

influence the course of relations between communist parties. The CPI(M) is duty bound either to invite or to ask for messages from such communist parties to its party congresses of conference, besides frequent exchanges of views and visits of delegations. These the CPI(M) would not do with the communist parties with which it has not yet established party-to-party relations. This applies to the CPSU too as the party-to-party relations between it and the CPI(M) are not yet formalised.

Today, there are 85 to 90 communist parties in the different countries of the world. The CPI(M) has established party-to-party relations with only 25 parties, though it has got contacts with several other communist parties. The CPI(M) does not go out of its way to seek such establishment of party-to-party relations with other communist parties, though it is positively responsive to such moves if one or the other communist parties of different countries expresses its desire to have such formal relations. It must also be mentioned that it was the CPC which initiated the dialogue for re forging party-to-party relations, and the CPI(M) had readily responded.

The CPI(M) unreservedly accepts that the ruling parties of the socialist world are communist parties, irrespective of its differences and disagreements with this or that ruling communist party. While reserving its basic right to criticise one or the other of the ruling communist parties, it exercises this right with utmost restraint and caution. Such criticism and expression of differences, if frequently and freely aired, would result in undermining the prestige of

the socialist system and the confidence of the common people in the great cause of socialism and communism.

And yet the CPI did not hesitate in the past, and will not hesitate in the future to openly express its views on one communist party or the other, regardless of whether the concerned party is a ruling or a non-ruling party, and whether it is a big or a small party.

The CPI(M), in its relations with all other communist parties, does not intend to interfere in the internal matters of the concerned parties, be they ruling or non-ruling communist parties. Similarly, the CPI(M) does not like the interference or intervention of any other communist party either, in its internal affairs and its policies, directly or indirectly. This principle of ours holds good with all the communist parties, including the biggest and strongest like the CPSU and the CPC.

Some communist parties,

both ruling and non-ruling ones, have come to maintain party-to-party, fraternal relations with more than one communist party in each country. For example, most of the communist parties which have party-to-party formal relations with CPI(M) also have party-to-party relations with the CPI. But so far the CPI(M) has not adopted such a policy, it deals with only one communist party in one country, the communist party that has come to be accepted by the working masses in the given country as the credible one.

Not merely that. Some communist parties have been establishing party-to-party relations not only with the communist parties of different countries but also with some socialist and even bourgeois parties like our Congress(I). The CPI(M) does not subscribe to such a line of thinking and activity, though it is not intent upon imposing its own view, in this regard, on other fraternal parties.

The rapid growth of the world communist movement is also followed by deep differences and divergencies on a series of political-ideological and theoretical questions. The international communist movement is no more "monolithic" as it was during the period of the existence of the Communist International (CI) or the Third International. The CI was dissolved in 1943 as it outlived its purpose. The unity of the world communist movement will have to be forged on an entirely new basis, taking into serious account the extremely uneven development of the communist movement in different countries; they are confronted with different concrete facts which dictate different tactical approaches.

This, in brief, explains not merely the relations of the CPI(M) with the CPSU and the CPC, but also the national and international background of the world movement that conditions the approach of the CPI(M) to the CPSU, the CPC and other communist parties.

More Comment by Basavapunniah

Calcutta THE TELEGRAPH in English 27 Dec 85 p 4

[Text]

Calcutta, Dec. 26: The CPI(M) has not yet received any message of felicitation from the Communist Party of the Soviet Union on the occasion of its 12th party congress being held here. However, 13 fraternal parties, including the Communist Party of China have sent messages.

Asked why there was no message from the CPSU, Mr Basavapunniah, CPI(M) politburo member, said, "We cannot force the CPSU to send us greetings or messages." He, however, added, "It might be due to a telegraphic delay that we have not received the message."

When it was pointed out to him that a CPSU central committee member would be attending the Congress centenary celebra-

tions in Bombay, Mr Basavapunniah said, "If the CPSU maintains relations with the Congress(I), we cannot interfere. Neither can we forbid the CPSU from sending fraternal delegates to Congress(I) sessions. However, in private exchanges between us and the CPSU leaders we make our stand clear regarding the Congress(I)."

Mr Basavapunniah said China's name would be included in the international section of the draft political resolution of the 12th congress. He said China had stated that under no circumstances would it use nuclear weapons against non-nuclear countries and several delegates had wanted China's name to be incorporated in the resolution along with that of the Soviet

Union.

Speaking about China's growing relations with the Soviet Union, he said the CPI(M) wanted unity in the socialist camp and the world communist movement. According to the CPI(M), he said, China was a socialist country, opposed to imperialism and in favour of peace. Quoting from the draft political resolution, he said the party felt that in the present international situation, which was strained by imperialism, relations between the Peoples' Republic of China and the Soviet Union affected not only the basic interests of the Soviet and the Chinese people, but the world situation as well. Normalisation of Sino-Soviet relations would stabilise the world situation, he said.

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CSO: 4600/1323



INDIA

PRC NEGOTIATING PURCHASE OF KUNDREMUKH ORE

Bombay THE TIMES OF INDIA in English 3 Jan 86 p 14

[Text]

BANGALORE, January 2: The Kudremukh Iron Ore Company Limited (KIOCL) will send a trial shipment of iron ore concentrate shortly to China.

About 25,000 tonnes of Kudremukh concentrate will be shipped in the middle of this month. The KIOCL has bagged the Chinese order after a sample sent in October was successfully tried out in Chinese steel mills.

The KIOCL which is making a vigorous hunt for new markets, considers entering the Chinese market a major breakthrough.

Mr. K. K. Rao, chairman and managing director of KIOCL, told The Times of India News Service that in December a second contract with Japan for the supply of 620,000 tonnes was also signed. The shipment would have to be made between January and March.

Since its trial shipment made in May to Japan, the world's largest market for iron ore, significant strides have been made. Over 900,000 tonnes has been sent to Japan so far. Now the KIOCL is also trying to rope in a long term contract with Japan.

Till the beginning of 1985, Kudremukh Iron Ore Company was mainly depended upon one market—Romania. This year, it has tied up with a buy-back arrangement for supply of equipment to the Mangalore pellet plant.

A marketing drive was launched in the second half of 1984 to gain a foothold in the major iron ore markets of the world. The contract with Chinese and Japanese markets is a result of this effort.

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CSO: 4600/1337

STEPS TO END SINO-INDIAN BORDER DISPUTE UNDER STUDY

Madras THE HINDU in English 5 Jan 86 p 1

[Article by G.K. Reddy]

[Text] New Delhi, Jan 4--A delicate diplomatic issue under consideration at the highest level at present is what should or could be done to end the current stalemate in Sino-Indian talks on the border dispute and open the way for a meaningful political dialogue on the subject at an opportune moment.

The decision rests with the Prime Minister, Mr Rajiv Gandhi, since the opinion among his advisers seems to be divided with one group seeing no great advantage in attempting to step up the pace and the other urging some imaginative move on India's part to test China's intentions.

One of the ideas mooted is that a special envoy of the Prime Minister should be sent to Beijing for private talks with Mr Deng Xiaoping and other top Chinese leaders to see how far they would be prepared to go to arrive at an overall settlement. The precedent of what Mr Rajiv Gandhi did in sending a senior party colleague, Mr P. Shiv Shanker, to Kathmandu and Dhaka is being cited in support of the suggestion that a similar step could be taken in relation to China as well in the context of India's ongoing efforts to improve relations with neighbouring countries in common interest.

More cautious approach: But a more cautious approach being suggested is that without arousing any undue expectations, the Government could send the External Affairs Minister, Mr B.R. Bhagat, to Beijing to return the visit of the former Chinese Foreign Minister, Mr Huang Hua, to Delhi in 1981 which led to the current series of official-level talks on the border dispute. It would provide a good opportunity for a private exchange of views with the Chinese leadership without the appearance of any formal discussions and help set the tone for an eventual visit by the Prime Minister himself at some point after the necessary spadework has been done for it.

Unanimity among advisers: But there is complete unanimity among the Prime Minister's advisers that he should not pay a visit to China until substantial progress has been made in narrowing down the differences to the point at which some tangible moves could be made for settling the border problem. The Chinese are well aware of this Indian position since Mr Zhao Ziyang seemed to have appreciated the difficulty when Mr Rajiv Gandhi told him quite candidly during their meeting in New York in October last that it would not be appropriate for him to visit Beijing until some substantial progress had been made in resolving the border dispute.

So it would not be surprising if the Prime Minister veers round to the view that a useful start could be made with a visit by Mr Bhagat to Beijing in May-June for privately elevating the level of the dialogue without formally ending the present series of official-level talks inconclusively before the next round.

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CSO: 4600/1345

INDIA

CORRESPONDENT REPORTS INTERVIEW WITH DALAI LAMA

Madras THE HINDU in English 26 Dec 85 p 9

[Text] Bodh Gaya, Dec 25--Although the Dalai Lama believes that the situation in Tibet would change eventually, he does not propose to visit his native land in the immediate future.

In an interview with a group of newsmen from THE HINDU, LE MONDE, ASSOCIATED PRESS and a German newspaper, in the audience room of his monastery at Bodh Gaya on Monday evening, the Dalai Lama said the Chinese authorities had invited him for a brief visit to Tibet in 1983 but in the same year there had been a reversal of official policy there. In September-October 1983, a large number of Tibetans were arrested and publicly executed on criminal charges. The crackdown on Tibetans, he said, was politically motivated.

Subsequently, I received verbal as well as written messages from my people in Tibet to the effect that although they were eager to have me there, in the present circumstances I should not go to Tibet.

The Dalai Lama said: 'I regard myself a free spokesman of the Tibetan people and naturally I am guided by their advice.'

Healing efforts not enough: The Dalai Lama said there had been immense physical and mental destruction in Tibet. Efforts were being made to 'repair and undo' the damage but they were not adequate. A lot more had to be done.

Would the political solution proposed by China to the Taipei regime be acceptable to Tibet? 'This is not relevant in our case and in any case we did not raise this,' the Dalai Lama answered. 'We have told China that we have the right to seek and get much more in view of our historical background and also the immense suffering the Tibetans have undergone. Millions of our people are living outside Tibet. At the moment, I am physically outside Tibet. But I have a great moral responsibility for my people in Tibet.'

The Dalai Lama was, however, hopeful of a change in the situation in Tibet because "my countrymen have great faith in me. They love me and respect me and above all they look to their future with hope. Tibet is indestructible. It is eternal. Things will change in Tibet. Only one thing will not change and that is my Bhikshuk vritti (my total commitment as a monk) to the suffering and humanity and my roles as a leader and spokesman of the Tibetan people who are loyal and hopeful."

Sense of humour: The Dalai Lama who broke into laughter frequently during our hour-long interview, said: 'One reason why I am so popular with my countrymen is that I am not in their midst. If I go to Tibet and live with them, I may not be so popular.'

At the moment, I cannot say what changes may take place in Tibet in the next five years but I do hope that eventually the Chinese would veer round to the view that Tibet should be ruled by Tibetans.'

Kalachakra ceremony: Would he be celebrating the kalachakra ceremony (at present being held in Bodh Gaya) in Tibet? 'Yes, why not?' the Dalai Lama replied. 'At least 10,000 Tibetans are participating in the Kalachakra ceremony here. Most of them are from the border areas of Tibet who came to India via Nepal. In their case, permits are not needed. In any case, of late the Chinese were more liberal in issuing travel permits though not liberal enough.'

Was the 11th kalachakra ceremony currently being performed at Bodh Gaya his last? The Dalai Lama laughed and said he proposed to perform his 12th Kalachakra at Shridhanakutaka in U.P. where, according to Buddhist scriptures, the Buddha gave his first sermon. The Dalai Lama said the current Kalachakra ceremony at Bodh Gaya was being attended by the largest-ever gathering of Buddhist monks and devotees from all over the world in the past several centuries--8000 monks and about two lakh devotees.

The Dalai Lama said the main object of the ceremony was to promote human happiness and world peace. The present one at Bodh Gaya was more extensive with additional rituals than the last kalachakra ceremony performed in Switzerland last year.

Explaining the significance, the Dalai Lama said like any other Tantrik ceremony the Kalachakra helped develop peace of mind and promoted a positive atmosphere by eliminating violence. Its importance was that it was good for the entire humanity. There are other Tantrik teachings, but they are meant for esoteric groups who have a grounding in the Buddhist Tantras. As a Buddhist monk, wherever I go, I stress the importance of love and compassion to promote peace of mind and world peace.

His hobbies: Asked about his hobbies, the Dalai Lama laughed and said 'I laugh and read. I am a leader, freedom fighter, healer and fortune-teller to satisfy the whims of people. I read newspapers, but only the front page and headlines. I read books on science, astronomy, numerology and western psychology. Physics has relevance to Buddhist teaching.

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INDIA

## LUFTHANSA BOMBAY CHIEF BELIEVED BEHIND SPY NETWORK

New Delhi PATRIOT in English 3 Jan 86 p 6

[Article by Madhu Shetye]

[Text]

By Madhu Shetye

**Bombay, Jan 2** — Was Mr Sitaram Chittaranjan, deputy station manager of Lufthansa, Bombay, the mastermind behind the alleged spy network operated by the Bundes Grenz Schutz (German Border Force of West Germany) in Bombay?

This question has remained unanswered so far despite extensive investigation by the Indian intelligence agencies. The unearthing of the spy ring had led to the deportation of three West German men, who had come on a tourist visa and, were operating in the sensitive area of Sahar international airport in November last.

The intelligence sleuths reported to have recovered three letters written by Mr Chittaranjan to the local police and the International Airport Authorities of India requesting for airport security passes for the deported West German spies. Mr Chittaranjan was also alleged to be conducting correspondence to this effect for over a decade as the batches of the West German security men continued to come to India on tourist visas since 1971. He had been endorsing their rosters as Lufthansa's deputy station man-

ager in Bombay.

The Airline sources confirm that Mr Chittaranjan had been paying salaries to the West German men involved in the operation on petty cash vouchers as well as authorising payments of their hotel bills in breach of foreign exchange regulations. Such brazen activity was possible only because Mr Chittaranjan used to keep the concerned Indian security officers at the Bombay airport "happy" for their 'co-operation', the sources said.

It is now revealed that the customs authorities at the Santa Cruz airport had held prolonged interrogation of Mr Chittaranjan in connection with a case of hashish smuggling allegedly involving one Kamal Cheddha, a frequent traveller on Lufthansa airline.

In another disclosure it is learnt that the West German spies were being lodged in South Bombay. They had at their disposal a posh flat in Beach Candy apartment on the fashionable Bhulabhai Desai Road. This flat had seen many a lavish cocktail party being thrown to the Indian guests. After some time the venue was suddenly shifted to a five star hotel in South Bombay and the flat was taken over by the then

station manager of Lufthansa.

Yet another curious aspect of the sordid affair is that though the airline admits that the West German Border Force agents were employed at the Bombay airport for "security" reasons, it is not clear as to why they were not posted at Delhi where the airline has its administrative and operational headquarters.

**Our Delhi:** Correspondent adds

The Bombay unit of the Directorate of Revenue Intelligence on Thursday seized 2.95 tonnes of hashish worth Rs 1.77 crore which was being illegally smuggled out of the country to West Germany.

According to a Finance Ministry release, DRI officers intercepted a container at the Bombay docks which was declared to contain 400 bags of boric acid. On inspection it was found that 163 of these bags contained hashish instead.

Each of these bags contained 18 kgs of hashish and one had 20 kgs of the stuff. The container was to be shipped by a vessel, MV-Neptune-Beryl, and was being sent by one Vishwas Exports of Bombay to a West German firm called Invoresse Ereska.

The hashish was packed in slabs of one kilo each

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CSO: 4600/1340

INDIA

CPSU DELEGATION LEADER DISCUSSES MEDIA COOPERATION

Calcutta THE TELEGRAPH in English 4 Jan 86 p 4

[Text]

New Delhi, Jan. 3: A high-level Soviet delegation at present in the capital, has criticised the meagre coverage of the Soviet Union on Doordarshan and has brought up the matter in discussions with the information and broadcasting minister, Mr V.N. Gadgil.

The CPSU delegation, headed by the editor-in-chief of *Pravda*, Mr Victor G. Afanasyev, had come to attend the Congress centenary celebrations in Bombay and has subsequently met Mr Gadgil and other officials to discuss the possibility of further "media cooperation" between India and the Soviet Union.

At a press conference here this morning, Mr Afanasyev said he put forward two main questions to Mr Gadgil. The first was in regard to further expanding cooperation in dissemination of news through the official media and the second was the question of increasing exchanges of journalists between the two countries.

Giving a frank account of the Soviet grievances, Mr Afanasyev said, "We expressed a reproach of sorts because in our view, Doordarshan does not show enough topics pertaining to contemporary Soviet life compared to our coverage of India."

Mr Gadgil, he said, had initially denied this contention and

said Doordarshan had shown a number of Soviet films, but when pressed had come up with only two films *War and Peace* and *Crime and Punishment*.

Mr Afanasyev pointed out that though both the films were Russian classics, they depicted situations that were some 150 years old and were too long and difficult to comprehend by average Indian viewers. "We came to the conclusion that much remains to be done in exchange of films, information and propaganda. We feel it should be stepped up and intensified because media has a big role to play in promoting overall friendship and cooperation, Mr Afanasyev said.

On the question of exchanges of journalists, the Soviet delegation felt that "not everything possible has been done in this field. We feel the scale of exchanges is insufficient at present."

Apart from the issue of greater media cooperation, Mr Afanasyev also gave an account of his meetings with the Prime Minister, Mr Rajiv Gandhi, in Bombay. He had three meetings with Mr Gandhi where he had conveyed the greetings of the CPSU on the Congress Party's centenary. The Prime Minister had expressed his gratitude to the CPSU for having sent a delegation at the representative

level, which he felt was a measure of esteem that the CPSU felt for the Congress. Mr Gandhi had also praised the Soviet President Mr Mikhail Gorbachyov, and said he appealed to him "as a person and also a political figure," Mr Afanasyev said.

On whether the representation of the CPSU at the Congress meet indicated that the parties would further their ties, Mr Afanasyev said, "We have not yet devised anything. Historically, we have always maintained relations with the Indian National Congress. We believe our relationship will develop, but so far nothing concrete has been worked out."

In this context, Mr Afanasyev emphasised that though they had come to India to attend the Congress celebrations, their main ties would remain with the Indian Communists. "We have very highly developed relations with the Indian Communists over a long period," he said. Though Mr Afanasyev did not specify which Communist party he had in mind, he later said while they had party to party and, therefore, closer ties with the CPI, they were also friendly with the CPI(M).

A Congress(I) delegation will attend the CPSU congress in Moscow in February. It will be the first time that the Congress will attend a Soviet Party meet.

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CSO: 4600/1342

INDIA

# FRENCH INDUSTRIAL MINISTER DISCUSSES VISIT

Calcutta THE TELEGRAPH in English 7 Dec 85 p 1

[Text]

New Delhi, Dec. 6: The Westland-Dauphin tussle over the coveted ONGC helicopters' contract has hotbed up with the French offering six Dauphins free of cost in the package deal for 27 helicopters.

This was disclosed by the French minister for industrial redeployment and external trade, Mrs Edith Cresson, at a press conference here this evening. In an oblique dig at Westland, Mrs Cresson said, "We do not give them (away) as some others do. People buy them as they are good." Then she added, "but we do give part gifts to help friends."

The minister also revealed that France has initiated discussions with India for the sale of ATR-42 short distance aircraft which it produces in collaboration with Italy.

As regards the pending contracts for the mainframe computers and the Bangalore telephone electronic switching factory, the minister disclosed that the two French contenders in the line—CII—Honeywell Bull and CIT Alcatel—had made fresh proposals in their offers. She, however, did not elaborate.

Her discussions with the Government of India mainly centred around aeronautics, the Hazira-Bijaipur—Jagdispur pipeline, telecom, computers, oil and oil machinery. On the Ganga action plan, she pointed out that

France has offered 100 million French francs as aid.

An official statement released by the Union ministry of industry said France has expressed its willingness to enter into more technical collaborations with India in an effort to increase imports of Indian goods. On this point, the French minister said France would explore ways to decrease the Indian deficit in Indo-French bilateral trade. She said France had already procured a licence to import locomotives from India and sell them further to Africa.

France will also be sending delegations on textiles, leather and standardisation with a view to increasing exports.

The Union minister of state for industrial development, Mr Arunachalam, suggested that France enter new collaborations with India, particularly in the field of electronics in the Santa Cruz free trade zone, mainly for export. He also suggested that France could import auto components from India.

In reply to a suggestion, Mrs Cresson said France could consider setting up joint ventures in third countries like Algeria, Kenya and Senegal.

France is not helping Pakistan in its nuclear weapons programme. Mrs Cresson said as a member of the London Club of nuclear powers France would not help any country in its nuclear weapons programme.

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CSO: 4600/1321



INDIA

PAPERS REPORT, COMMENT ON HELICOPTER PURCHASES FROM UK

Deal with Westland

Bombay THE TIMES OF INDIA in English 25 Dec 85 p 1

[Excerpt] India has finally decided to obtain 21 helicopters from Westland of Britain.

The minister of state for civil aviation, Mr Jagdish Tytler, has indicated that the agreement would be concluded in February.

Negotiations over the Westland deal worth £86 million had been underway for long. The supplies will be financed by an outright British grant. The talks had gone through a phase of uncertainty before a settlement was reached.

India has already decided to obtain 21 copters from France. In addition, six will be obtained free, three each from the two suppliers Dauphne of France and Westland. Westland will carry out certain modifications in the copters in terms of the deal.

The 42 copters, which will constitute the fleet strength of the Helicopter Corporation of India will start operating by next October.

The Helicopter Corporation, set up with an authorised share capital of Rs 50 crores, will operate air support services to meet requirements of the petroleum sector, operate scheduled and non-scheduled services in hill regions and inaccessible areas, provide intra-city transportation and will also operate tourist charters.

Air Taxis

As for the introduction of air taxis, details of guidelines for operations in respect of the choice of aircraft, foreign exchange requirements and related matters were before the cabinet, Mr Tytler said. Entrepreneurs both from the public and private sectors could operate these taxis. "There have been quite a number of inquiries," he said.

The minister hoped that the introduction of these air taxi services would open up places of tourist, historical and religious importance to a new clientele.

The minister was emphatic that the new international terminal complex phase-I at Delhi named after Mrs Indira Gandhi, would be commissioned on May 1. Phase-I would cost Rs 95 crores. The new international terminal complex phase II at Bombay is expected to be commissioned in early February.

Another announcement made by the minister was that the central flying school, the Indira Gandhi Rashtriya Uran Akademi, at Fursatganj would start functioning at Rae Bareilly district in June with ground training. Training in flying will begin in September.

Apart from meeting the requirements of pilots for the national air carriers, the school would offer its training facilities to personnel from other developing countries. He predicted it would be the best of its kind in Asia.

#### Further on Westland Deal

Madras THE HINDU in English 28 Dec 85 p 1

[Article by G.K. Reddy]

[Text] New Delhi, Dec 27--The Westland helicopter deal has run into difficulties again in the wake of new strains in Indo-British relations over the handling of the Sikh extremists in the United Kingdom.

The Foreign Secretary, Mr Romesh Bhandari, called the British High Commissioner, Sir Robert Wade-Gery, today to voice the Government of India's concern and unhappiness over the grant of U.K. citizenship to Mr Gurmej Singh Gill, the self-styled "Prime Minister" and the grant of Council House accommodation to Mr Jaswant Singh Thekedar, the so-called "Defence Minister" of "Khalistan."

The negotiations for the purchase of 21 Westland W-30 helicopters had been finalised although no firm order was placed for them. But the Minister of State for Civil Aviation, Mr Jagdish Tytler, indicated at a press conference on December 24 that an agreement would be signed soon while announcing the decision to buy them for setting up the proposed Helicopter Corporation with a fleet of 42 acquired from Britain and France.

Law, precedent overlooked: The Government of India has taken strong exception to the grant of British citizenship to Mr Gill, overlooking its own case laws and precedents which would have entitled the Home Office to deny, or at least delay, the decision, by taking due note of the Indian objections. The Indian legal experts have questioned the contention of the British authorities that they were under a legal obligation to grant citizenship automatically to Mr Gill without even inquiring fully into his political antecedents.

Allotment of flat: The Indian indignation is all the greater over the allotment of a London County Council flat to Mr Thekedar, who had sent a cheque for Rs 10,000 along with a death threat to the Prime Minister, Mr Rajiv Gandhi, on November 15, 1984, within a fortnight of Indira Gandhi's assassination. The flat has been allotted to him, in the Government of India's view, on the basis of his request for political asylum in Britain, ignoring the repeated objections raised by India against his actions.

The only way India can make its displeasure known to the British Government in a telling manner is to hold up the helicopter deal by reviving some of the earlier objections. The Westland Company which has run into serious financial problems over the enormous expenditure incurred in developing the W-30 model has not sold even one of the 24 helicopters it has so far built, according to the Indian critics of this transaction.

No guarantee: It is argued that if the company is taken over by an American or European helicopter manufacturer, there will be no guarantee that it would continue to manufacture this model even if India buys 21 of them, partly with British grant funds which would reduce the price by at least 50 percent. The opponents of this deal continue to point out that the Royal Air Force has not purchased these helicopters since their performance fell short of its requirements.

Legal quibbling: It is the mix-up of politics with performance specification, besides involvement of some influential personalities in this deal in the earlier stages, that has complicated the whole thing and introduced an element of avoidable controversy. But the British Government has not come out well from this unfortunate episode since it has continued to indulge in legal quibbling to cover up its reluctance to adopt a tougher attitude towards the Sikh extremists operating from the United Kingdom.

#### Editorial Questions Westland Deal

Calcutta THE TELEGRAPH in English 4 Jan 86 p 9

[Editorial]

[Text]

The recent government decision to buy 21 British Westland-30 helicopters for the Helicopter Corporation of India, along with 27 French Aerospatiale Dauphin-2 helicopters, concludes two years of speculation on Anglo-French rivalry for the lucrative \$200-million equipment contract for oil rig logistics and VIP travel. But what cannot be put to rest is the exact nature of the deal as the government itself seemed to be uncertain about the qualities of the British product right through the prolonged negotiations. Mr Jagdish Tytler, Union minister of state for civil aviation, has been very forthcoming about the Dauphin deal and told newsmen that eight of the 27 helicopters will be given free. The deal is worth over \$90 million of which more than \$40 million will be on easy terms from the French government. The deal with the

British, however, is less clear. The Westland helicopters had become a bargaining counter in bilateral relations, with the Indian government making it clear that there could be no deal unless the British curbed the Khalistani elements in London. The British, for their part, had linked the sale with its £115 million aid to India and hinted that almost £45 million of that aid would lapse if the Westland offer was spurned. Initial reports in India put the cost of the British package at about £65 million but Westland sources put the price tag at \$130 million. The government thus owes the people an exact statement on the value of the deal. There are other aspects also which need clarification. The Indian government had asked the Westland company to upgrade the helicopters by using a more powerful engine and by modifying the aircraft for Indian conditions. Westland executives have subsequently said that no modifications have been carried out, only the Rolls Royce GEM 60 engine has been substituted for the less powerful GEM 40 engine. What has not been mentioned is that a better version of the Westland 30 helicopter exists, powered by a General Electric CT7 turbine engine. This model has not been offered to India despite its earlier objections.

There is reason to believe that the Westland 30 helicopter is not the best of its kind. Only 26 have been built since the helicopter's commissioning in 1982. Of these not one has been sold! Two of these helicopters are on lease to Pan Am city shuttle services and three to British Airways for chartered services to the North Sea. Westland is down and almost out. It will need the Indian deal to see it into the 1990s. The British government has already pumped over £40 million into the ailing company and if the deal with India fell through, the company would possibly have to wind up before the massive Anglo-Italian helicopter project EH 101 materialised. There has been speculation that India has got its helicopters virtually free because it will give the company an additional 6,00,000 manhours of work. But figures seem to indicate that only half the helicopters are free and the rest and the spares will have to be paid for in hard cash.

Details of high technology deals are known to few and understood by fewer still. For example, contrary to public reports, there is little in common between the Dauphin 2 and the Westland 30 which have been purchased for the same work. The former can seat only 10 and is powered by engines rated at 1,100 KW. The latter seats upto 19 and is powered by engines that rate 1,700 KW. The Westland 30 is the upgraded commercial variant of the war-like Westland Lynx. If the Westland helicopter was acceptable, then why did we not get into technology transfer for its future production in India as in the case of the Jaguar? We are trying to develop a light helicopter and a commercial variant (like the Westland) at HAL Bangalore. But HAL has gone in for West German technology. This adds up with the Prime Minister's publicly expressed reservations about the Westland. But what happened thereafter? Something must have transpired quite some time ago because even when the Prime Minister's remarks put the deal on ice, the British were quite certain of it eventually going through.

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INDIA

## REPORTAGE ON CONGRESS-I CENTENARY CELEBRATION

Rajiv in Party Publication

Bombay THE TIMES OF INDIA in English 23 Dec 85 p 9

[Text]

NEW DELHI, December 22  
(UNI & PTI).

**T**HE Prime Minister Mr. Rajiv Gandhi, has rededicated the Congress to the task of 'garibi hatao' and called for a direct poverty alleviation programme.

In a message to the special issue of 'Varnika', an official publication of the AICC, brought out to commemorate the Congress centenary, Mr. Gandhi said the Congress would continue its struggle of "wiping every tear from every eye", fulfilling Mahatma Gandhi's ambition.

Mr. Gandhi's message contains ideas which would set the tone of his presidential address to the centenary plenary session beginning in Bombay on December 27.

Mr. Gandhi also said the chances of a nuclear holocaust could be averted if nations realised the importance of coexistence.

"It is not enough to accept the proposition that the other person may be right. We must be ready to accept that even if he is wrong, he has a right to exist," the Congress president said.

The agenda for the next century before the Congress was to improve the quality of life of the people, safeguarding Indian unity and communal harmony, Mr. Gandhi said.

"We can affirm that we now have the inner strength to eradicate poverty. To achieve success we still have to tone our instruments — the people's organisations as well as the bureaucracy," Mr. Gandhi said.

"By 2000 A.D. we should be able to ensure for all a minimum of nutrition and health, a minimum level of education and a productive job for at least one person in every family," he wrote.

### INNER DEVELOPMENT

Mr. Gandhi said that development in the larger sense meant developing the inner person, so that the human being lives in harmony with other human beings with nature and with the rest of the creation.

"Side by side with the battle of quantity should be waged the battle for quality," the Congress president said.

Economists had predicted that India would never be able to attain self-sufficiency in food. How wrong this forecast had proved, he said.

"An Einstein unlocks the key to the relationship between matter and energy. A Lenin, a Gandhi, a Mao and a Ho Chi Minh led revolutions. A Jawaharlal Nehru breathes his own democratic impulse into a whole nation. The impossible becomes possible," Mr. Gandhi said.

Meanwhile, in a message, Mr. Gandhi, said that nuclear disarmament, and economic co-operation between the developed and developing nations were the greatest needs of the world at present.

The message was to the seminar on Indian National Congress and foreign policy, organised by the foreign affairs department of the AICC.

The message also stressed the imperative for use of science and technology to eradicate hunger and counteract environmental pollution.

Inaugurating the seminar, the minister for external affairs, Mr. B. R. Bhagat, recalled what he termed "glorious traditions" of the Indian National Congress and said that the party had always supported the struggle of the oppressed against imperialism and colonialism.

### SANTHAL UPRISING

Mr. Bhagat reiterated that the party took a keen interest in the conduct of India's external relations and international developments.

Meanwhile, in his foreword to the five-volume "India's Struggle for Freedom: Role of Associated Movements," Mr. Gandhi wrote that the terms "imperialism" and "colonialism" sound ridiculous after the "mightiest" empire's defeat in the face of India's non-violent campaigns.

The Indian freedom movement, he writes, was a saga of courage and endurance in the face of what seemed insuperable odds.

The publication was brought out by the Congress centenary celebrations committee and released by the Congress working president, Mr. Kamalapati Tripathi, on December 18.

The five volumes depict the history of 23 movements which either preceded or ran parallel to the 100 year old Indian National Congress.

The book also details history of the Santal and Chuar movements which took place in the Chotanagpur areas of Bihar and Bengal before the Congress movement was launched.

The Santal movement was a nostalgic harking back to an innocent old age. It was a people's struggle on a mass scale, it said. The Santal movement, like any other populist movement was a cry for vengeance on the rich and the oppressors, the book says.

The other volumes deal with included home rule, Communist Party, Swarajya Party, Congress Socialist Party, Forward Bloc, All-India States Peoples Conference, Kyudai Khidmatgars, the Akalis and Babbar Akali movements and the Indian National Army.

## Draft Centenary Resolution Considered

New Delhi PATRIOT in English 28 Dec 86 p 1

[Article by Madhu Shetye and Padmanand Jha]

[Text]

**Gandhi Nagar, Dec 27**

**T**he All India Congress Committee in its centenary session is to firmly reiterate its commitment to socialism, secularism, democracy and non-alignment.

The draft centenary resolve prepared by the committee headed by Minister of Human Resources P V Narasimha Rao, solemnly declares the continuation on this path of the Congress party.

"Socialism remains our goal, secularism our creed, democracy our faith and non-alignment our credo in human relations across the globe", says the draft to be presented before the two-day plenary session beginning at the Indiranagar (Brabourne Stadium) tomorrow.

"We dare to translate into reality the dreams of Mahatma Gandhi, Jawaharlal Nehru and Indira Gandhi combined as the action oriented dream of Rajiv Gandhi. We will continue the tested policies of the Congress namely economic self-reliance. Primacy to public sector, development of advanced science and technology in the uplift of the poorest of the poor in the land, frontal attack on poverty until it is eliminated, relentless effort to raise the quality of life of the ailing farmers and workers, social equality, full safeguarding of the rights of minorities, crash programme for the development of the Scheduled Castes, Scheduled Tribes, women and the vast multitude known as backward classes who, in point of fact, represent or sustain the bulk of productive forces in our society".

These words of the draft and the speech of Mr Rajiv Gandhi both in the meetings of the Congress Working Committee and the subjects committee dispelled effectively any notion that he had been deviating from the path shown by the founders of the Congress party, his grandfather Jawaharlal Nehru, the first Prime Minister of the country and his mother Indira Gandhi.

In his presidential address to the Congress Working Committee, Mr Gandhi said that the Congress shall

steadfastly pursue the path shown by Gandhiji, Nehru and Indira Gandhi in registering further advance.

The line laid down by these leaders had led not only to the liberation of India but also to the liberation of other oppressed nations of the world.

"Panditjee laid the non-aligned movement comprising almost two thirds of the world and inspired us to the programme for the eradication of poverty, for the uplift of women, the backward and other oppressed classes and also showed us as to how India could strengthen her independence with advanced technology".

He referred to how Indira Gandhi had to fight a crisis situation in Punjab and Assam where disruptive, chauvinistic forces threatened to imperil the unity of India. Her assassination cast a shadow of gloom on the nation but the democratic electoral processes lifted the country from this gloom. We have fulfilled our promises with respect to Punjab and Assam, and succeeded in inflicting a serious setback to the disruptive forces, Mr Gandhi said.

He added that it would be the endeavour of his government to strengthen anti-poverty programmes. It was proposed to be done by mobilising internal resources to the optimum level, by promoting maximum productivity and efficiency in both agriculture and industry. Mr Gandhi declared his firm resolve to stick to "Panditjee and Indirajee's" ideological positions both in respect of domestic and foreign policies.

In his keynote address on the centenary resolve, Mr Narasimha Rao said that it would be the resolve of the Congress to march into the next century. This they could achieve only by lifting themselves to Himalayan heights, thus gaining a higher vision into the future.

Mr Rao declared, "our road is socialism, of public sector, of non-alignment. However, while supporting public sector fully, we shall try our best to remove weaknesses from it in order to strengthen it.

Mr Rao said that India would have to take a 'quantum leap' in the next fif-

teen years to usher in a new millennium. This would be possible only if the country adopts a new course.

The 13-page document eloquently salutes grand contributions made by outstanding national leaders led by Mahatma Gandhi and says "Gandhi's message lives, his truth lives, each generation will interpret it to further the cause of India and the cause of human kind". The document recalls with gratitude that Jawaharlal Nehru fashioned the democratic institutions of the republic, established the planning process, gave wing to science and technology, charted the path of an independent and non-aligned foreign policy in a world beset with suicidal conflict of the military blocs and crusaded tirelessly for the unity of India, transcending caste, creed, region and religion.

Referring to the role of Indira Gandhi, the document says, "to her goes the credit of demonstrating dynamism and vitality of India's democratic institutions as they absorbed and channelled this vast mass upsurge for radical change". It goes on to add that under her leadership science and technology matured, bringing self-reliance in even strategic areas like atomic energy and space.

"The Indian National Congress has served as the bridge to join succeeding generations by inspiring and mobilising the idealistic enthusiasm of youth of each generation. It has always succeeded in tempering the zeal with sagacity and stimulating wisdom with restless dynamism. In the result India did not witness a serious generation gap", the document says.

The document recalls the "poise and the inner calm and the steadfast vision displayed by Rajiv Gandhi following the unprecedented crisis that enveloped the nation after the assassination of Indira Gandhi. Within the first year of his assumption of office as Prime Minister, there has been worldwide acclaim for his forward looking approach and vision for the nation's glorious entry into the 21st century, the document adds.

Sounding a serious note of warning about communalism which remains an ever-present danger to India's unity, the document draws the attention of the people to the fact that in addition to its internal motivation, communalism has definite external ramifications. It is linked with external forces which continue to smart under their chagrin at the consolidation of India's post-independence unity. The internal forces of disunity and division would ultimately be pressed to neo-colonialism, the document warns. It reiterated complete separation between religion and

politics as the *sine qua non* in India's secular policy.

Referring to the international situation the document recalls with pride that her policy of non-alignment has served India well by keeping her out of the vortex of confrontation of the rival blocs. It has helped the cause of disarmament and peace.

Recalling how consistently India has endeavoured to further the cause of peace, international cooperation and harmony, the document says that the session links the voice of hundreds of millions of our people to the voices of

people all over the world in demanding total nuclear disarmament. It noted while the Geneva summit was a positive step, purposeful and determined action, we are still to begin in this direction effectively. The document strongly condemns apartheid which colludes with colonialism in Namibia and extends the hands of solidarity to the people of Namibia in their courageous fight for liberation under SWAPO. The document assured fullest support to the Palestine Liberation Organisation in its heroic struggle for achievement of statehood.

## Economic Content of Resolution

Bombay THE TIMES OF INDIA in English 28 Dec 86 p 1

[Article by L. K. Sharma]

[Text]

BOMBAY, December 27.

**A** COMMITMENT to eliminate poverty by the end of the century marks the economic content of the resolution adopted by the subjects committee of the Congress session here today.

There would be no deviation from the socialistic policies and the public sector would be strengthened, the human resources development minister, Mr. P. V. Narasimha Rao, told the committee while moving the omnibus resolution.

The reiteration of known Congress policy on economic issues in the draft resolution is in the nature of routine statements and the proceedings of the working committee and the subjects committee did not reflect any pressure on the leadership for a tilt towards either the left or the right.

Of course, befitting the ceremonial occasion, the draft document presents only an overview of the economic situation. As Mr. Rao put it, the document was not a resolution valid

for a year, it was a pledge valid for a century.

The only addition made to the economic part of the draft following the working committee meeting was a single line acknowledging the role of labour in the enhancement of the national product. It said: "Efforts need to be made to ensure fuller participation of labour and various factors leading to their well-being and contentment."

The resolution, which will come before the open session tomorrow, reiterates commitment to the objective of growth with social justice. "The vision that beckons to us is the same that inspired Jawaharlal Nehru when he spoke at the Lucknow Congress in 1936. It is the vision of a socialist society, leading to the elimination of social and economic inequalities, material well-being brought about by application of science and technology, and intellectual, cultural, moral and spiritual fulfilment of the vast masses."

The draft resolution describes the anti-poverty programme as the kingpin of the seventh plan and says that poverty should be eliminated by the close of the century.

Spelling out the development

strategy, it says that modern agriculture would be taken to all agro-climatic zones. The 20-point programme would be implemented with improved efficiency and utmost dedication.

In the field of industry, the resolution says that all basic industries must keep pace with modern technology and to "turn away from modern technology will only mean a return to poverty."

Stating that the road to economic independence is not for the ease-loving and the faint-hearted, the resolution says that a determined drive should be made to mobilise internal resources for development and to use such resources in a disciplined manner.

The resolution also recalls the achievements of the party in the economic field. The Indian National Congress completed the abolition of the zamindari system and made several efforts at economic decentralisation. The Mahatma's service to the untouchables and Nehru's commitment to socialism were also recorded.

During Nehru's time, the basic infrastructure of development was established. Indira Gandhi sharpened the struggle for social justice. A series of radical measures, spearheaded by bank nationalisation, galvanised the masses.

Draft Political Resolution

Bombay THE TIMES OF INDIA in English 28 Dec 85 p 1

[Article by Subhash Chakravarti]

[Text]

BOMBAY, December 27.

THERE was conspicuous absence of political fervour, leave alone thrust, in the inaugural deliberation of the centenary celebrations of the Congress, which led the nation to independence and now claims to take the country to the 21st century.

Unlike in the past, the draft political resolution steers clear of any ideological rhetoric of either left or centre persuasions and records in a rather bland tone what all the party has achieved in 100 years and what it promises to achieve in future.

Mr. Rajiv Gandhi spoke, in fact, in a matter-of-fact manner about the historical achievement of the ruling party, but was reticent in spelling out the strategy in real terms about attaining consolidation of national integration and economic self-sufficiency.

It should be said to his credit, however, that he did not attempt to give any disturbing version of the prevailing national scene in a manner to claim the inevitable role, for either the party or himself, to save the country from any catastrophe.

There is no escape from the harsh reality, however, that a political party which claims to link the nation's destiny with its own can hardly expect to face the challenges of modern times without keeping alive a debate on major political and economic issues among its functionaries.

There is more an atmosphere of gaiety and self-assurance than any serious political exercise to charter out the role of the party in future.

With the notable exception of the Union minister, Mr. P. V. Narasimha Rao, who initiated the resolution, most of the speakers chose to narrow down

the refrain of their speeches on this historical occasion to paying encomiums to the contemporary leadership of the party.

The resolution which covers both political and economic issues, is rather clear on the problems of consolidating national integration. It concedes that the nation has still to cross many hurdles in its journey to fulfilment since the threat to unity continues.

It says adversary forces operating under various covers, in particular communalism, remain an ever present danger. It says communal politics are the politics of reaction, and reflect a backward looking outlook.

"Social change in India has brought into the political mainstream hitherto suppressed and submerged groups. The Congress has written the agenda of political action giving priority to the all-round betterment of these groups.

Election, Enrollment Deadlines

Bombay THE TIMES OF INDIA in English 28 Dec 85 p 1

[Text]

BOMBAY, December 27: The Congress Working Committee today decided to postpone the last date for membership enrolment from December 31 to March 31. The party president will be elected on July 25.

Announcing the postponement of organisational elections, the Congress general secretary, Mr. Jitendra Prasad, said the Congress president had approved the proposal to groom at least one "trainer" per district from 1986 onwards in the party's new training programme.

According to the proposal, there will be six zones in the country. Each zone

will have one training camp with which one AICC general secretary and joint secretary will be associated. Bhopal will hold the first such camp for the central zone from January 21 to February 4 1986.

The two-week long course will have audio-visual and visual inputs and the most states will bear the expenses with the AICC providing some of the needed materials.

The candidates for being trained as trainers will be interviewed by a two to three-member panel to be set up by the AICC. Those who undergo such courses will be awarded special badges and certificates.



Gandhi at 27 December Meeting

Bombay THE TIMES OF INDIA in English 28 Dec 85 p 1

[Article by Subhash Kirpekar]

[Text]

**BOMBAY, December 27.**

**T**HE Congress centenary celebrations were formally launched by Mr. Rajiv Gandhi here today maintaining that the destiny of India and the Congress was intertwined and inseparable.

The Congress president, addressing the AICC delegates at the historic Gowalia Tank grounds where the famous "Quit India" resolution was adopted on August 9, 1942, also sought to set at rest the agitation in the minds of some partymen over the electoral defeats in Punjab and Assam.

Explaining that the choice was either to weaken the Congress and strengthen the nation or strengthen the Congress and weaken the nation, Mr. Gandhi said the obvious guiding principle in this situation was to choose to strengthen the nation.

Some steps had to be taken to check divisive tendencies, even if these meant hurting the Congress, he added, expressing satisfaction over fulfilling his promise of holding elections in Punjab and Assam.

Earlier, in the Congress Working Committee meeting which discussed the draft resolution, there was an element of damper introduced by the volatile former chief minister of Karnataka, Mr. R. Gundu Rao, while discussing the historical development of the party. He took objection to a move by the West Bengal Congress leader, Mr. P. R. Das Munshi, to place on record the achievements of the party in the last one year.

Obviously, Mr. Das Munshi, who was supported by Mr. Buta Singh, wanted to make a special mention of the achievements made by the party under Mr. Rajiv Gandhi. Mr. Gundu Rao countered the proposal arguing that the political resolution had not taken into account the successive splits in the party. He wondered how the achievements of only year could be recorded in the resolution.

Expressing his opposition to anything controversial being incorporated in the resolution, he also took the opportunity to mount an attack against

what he thought was misguided enthusiasm on the part of some newcomers to the party.

Referring to those who had deserted the party when it was in a crisis, he asked what guarantee there was that they would not repeat this. Among those who spoke at the CWC meeting were Mr. Vasant Sathe, Mr. Bhagwat Jha Azad, Mr. Syed Mufti, Mr. J. K. Jain, Mr. Motilal Vora, Mr. Pranab Mukherjee, Mr. T. Anjiah and Mr. V. P. Singh.

#### **BOGUS MEMBERS**

Mr. Mukherjee did not want any superlatives to be used in the resolution, which began by describing the Congress in terms of "as mighty as the Himalayas, pure as the Ganga and as indestructible as the spirit of India". But the final resolution retained this description.

While the CWC was on the subject of enrolment of members, Mr. Vasant Sathe interjected to ask: "What about bogus members" Mr. Rajiv Gandhi is reported to have good humouredly quipped: "That too is a historic thing." There was agreement that bogus membership should not be encouraged.

Since Mr. Gandhi made his speech only in Hindi, delegates from the south were at a loss to know what he had said. "Indiraji always used to speak in Hindi and English," said a delegate from Kerala. Mr. P. V. Narasimha Rao also spoke for nearly an hour in Hindi.

Mr. Gandhi likened the Congress to "a political trait" that was taking India along the path of development and protecting its rich cultural heritage. The intrinsic strength of the Congress, he asserted, came from its anti-poverty programmes and its secular approach. He expressed himself strongly in favour of separating religion from politics.

#### **ANTI-POVERTY PLAN**

Mr. Gandhi also stressed that "we will not remain silent spectators to anyone waiting to divide the nation." Referring to higher tax collections and investments in development, he said all the resources available were being utilised for launching anti-poverty programmes.

Mr. Narasimha Rao, chairman of the resolution drafting committee, said

while introducing the resolution that Congressmen should regard it as a "pledge" and not just a resolution "as it has to live for a 100 years." Urging partymen to rise above narrow sectarian considerations, he said: "The higher we rise the further we can see."

Poverty, Mr. Rao said, was not like a stone that could be removed just like that. Poverty was within us, deep-rooted, and it would be removed slowly, gradually. However, he spoke in terms of taking a "quantum leap" into the 21st century as against advancing towards it in "linear progression."

"We will reach the 21st century anyway but we have to be careful that when we take the quantum jump, we don't break our legs," Mr. Rao remarked.

He also made the point that "we are the lucky generation" for being able to participate in a momentous occasion like the centenary of the Congress Party. "We were not there when it was born and we will not be there when another 100 years are completed, so this is a special occasion," he said.

Mr. J. B. Patnaik, chief minister of Orissa, seconded the resolution and praised Mr. Gandhi for assiduously building up the party since 1983 and leading it to victory in the Lok Sabha and assembly elections.

Mrs. Vidyawati Chaturvedi, Mr. Ramchandra Vikal and others also spoke supporting the resolution which will be presented to the plenum tomorrow at the Brabourne stadium. Several central ministers, chief ministers, MPs, PCC presidents and heads of frontal organisations were present when the resolution was finalised.

The meeting observed a minute's silence in memory of Mrs. Indira Gandhi after Mr. A. K. Antony, AICC general secretary, had read the resolution condoling her death. Mr. Jitendra Prasad, AICC general secretary, read out the names of all Congressmen who had died since the AICC met last, including Mr. Y. B. Chavan and Dr. V. N. Tiwari, and again the gathering observed silence in their memory.

The "pledge" or resolution adopted late this evening by a show of hands on Mr. Gandhi's call states that "this historic session of the Indian National Congress reminds the country that while our achievements over the past 100 years have been brilliant by any standard, we have to still cross many

hurdles in our future journey to fulfilment."

Taking note of the "disturbing feature" of an "orchestrated attempt to weaken the Centre", the resolution describes this as "unfortunate" and asserts that "there is no anti-thesis between a strong Centre and strong states." The Congress favoured "political pluralism", it said.

## UAD member quits

AMRITSAR, December 27 (UNI): The United Akali Dal advisory committee member, Brig. Mohinder Singh (Retd.) has resigned from the party.

## Gandhi 28 December Inaugural Speech

Calcutta THE TELEGRAPH in English 7-11 Jan 86

[7 Jan 86 p 6]

[Text]

Friends, this is a moment consecrated by history. One hundred years have passed since the Indian National Congress first met in this great city. Between then and now, India and the world have witnessed profound historical changes—changes that have affected the very structure of human thought and action. In this epoch of radical change, the Indian National Congress brought the world to India and took India to the world. Its non-violent revolution has transformed our nation. Today, it charts the path to India's greatness.

We rejoice in this moment. We rejoice in the great achievements, the great deeds of the people of India. We rejoice in the noble expressions of the human intellect and spirit represented by Mahatma Gandhi, Jawaharlal Nehru and Indira Gandhi. We rejoice in the pledge redeemed. We rejoice that honour is ours now to carry the torch of freedom and progress.

But our joy is mixed with sorrow. Indiraji should have been here today, speaking to you in her gentle, impassioned voice. One with Bharatmata's immortal spirit, she now shines as a lodestar not only for us but for all humanity.

As I recall the great women and men who have led the Indian National Congress—the parliament of Indian nationalism—I feel proud and humble. I draw strength from the glo-

rious tradition of our party and from the overflowing affection of the people of India.

May I thank dynamic Bombay and its gracious and hospitable people for playing host to us, as they played host to our founding fathers in 1885? I, of course, have a sentimental relationship with Bombay. I was born here. Life-giving currents from every part of India flow into Bombay. It is India in microcosm.

Many distinguished delegates have come to this session from far and near, bringing to us the friendship and greetings of their parties and peoples. We appreciate this gesture. Through these honoured guests, we send our good wishes to the people of their countries.

As I stand before you this morning, my mind travels back to those fateful years when the Congress fought for India's freedom and I think of those giants who made the Indian National Congress.

Seldom has the world seen a nobler galaxy of women and men, so selfless in their devotion to the cause of freedom, so exalted in thought, so brave in action, so pure in spirit. To remember them is to live once again in those times "when the world's great age seemed to begin anew": A.O. Hume, Woomesh Chunder Bonnerji, Dadabhai Naoroji, Pherozeshah Mehta, Mahadev Govind Ranade, Badruddin Tyabji, Lokmanya Tilak, Gopal Krishna Gokhale, Surendra Nath

Bannerjee, Annie Besant, Bipin Chandra Pal, Lala Lajpat Rai, Mahatma Gandhi, Motilal Nehru, Madan Mohan Malaviya, Deshbandhu Chitta Ranjan Das, Srinivasa Iyengar, Sarojini Naidu, M.A. Ansari, Jawaharlal Nehru, Sardar Vallabhbhai Patel, Chakravarti Rajagopalachari, Mazharul Haque, Satyamurthi, Rajendra Prasad, Maulana Abul Kalam Azad, Saifuddin Kitchlew, Tristao de Braganza Cunha, Gopabandhu Das, Netaji Subhash Chandra Bose, Gopinath Bordoloi, Govind Ballabh Pant, Purushottam Das Tandon, T. Prakasam, Bidhan Chandra Roy, Acharya Kripalani, Acharya Narendra Dev, Rajkumari Amrit Kaur, Rafi Ahmed Kidwai, Acharya Vinoba Bhave, Jayaprakash Narayan, Indira Gandhi, Kamaraj, Lal Bahadur Shastri, Gurmukh Singh Musafir, Fakhruddin Ali Ahmed and countless others.

We bow in reverence to their memory. They awakened the spirit of freedom in the Indian people crushed under the oppressive burden of imperialism. Gurudev Tagore and Shri Aurobindo Ghosh were one with the leaders of our struggle for independence in reawakening India to its true destiny.

It is our fortune that one of our great freedom fighters, Khan Abdul Ghaffar Khan Sahib, is with us today. His life is a saga of sacrifice and non-violence. He has asked nothing for himself and has given his

all to the service of his fellow men. We greet him with respect, with love, and pray he may long be with us.

We are blessed with the presence of a large number of freedom fighters. We honour them for they made freedom a living reality. Their refusal to submit to the indignity of slavery, the very act of their defiance, and their luminous vision of a united and free India touched the imagination of millions.

To the nameless and unsung heroes of our freedom struggle, we offer our humble tribute. Their life-blood nourishes the body of independent India.

How did the miracle of India's rebirth in freedom come about? And what did India do with this new life? The answers are to be found in the story of the Indian National Congress.

How shall we remember Mahatma Gandhi, that eternal pilgrim of freedom? Born of the very spirit of India, steeped in the tradition, the song, the legend of our ancient land—and yet he was revolutionary. Unique among revolutionaries, he marched for freedom, clad in the robe of truth, with non-violence for his staff.

He did not counter the violence of the oppressor with the violence of the oppressed. He met it by changing the oppressed from within. He freed them from fear and hatred. He ignited the greatest peaceful mass movement known to history. At his gentle summons, millions of Indians rose to assert their human dignity and walked upright with the spark of greatness in them.

Gandhiji the revolutionary was concerned with nothing less than the total reconstruction of our society. In Champaran among the impoverished peasants, in Ahmedabad among the textile workers, and in hundreds of thousands of villages of India, he had seen the soul of India seared by the ruthless exploitation of the poor. He saw how India's social system had been vitiated by iniquitous practices—the oppression of the Harijans, of the women and of the poor.

To Mahatma Gandhi, the key to India's progress was the

development of its villages. In his unified vision, education, agriculture, village industry, social reform, all came together to provide the basis for a vibrant rural society, free from exploitation and linked to the urban centres as equals. Our planning incorporates this basic insight.

His crusade against untouchability stirred an ossified system. His radical premise of human dignity and equality electrified millions who lived and struggled at the very margin of social existence. Independent India was to enshrine Mahatma Gandhi's war on untouchability in its Constitution.

The freedom movement transformed the status of women. Women fought along with men as comrades. In the process, the shackles that had bound them fell away. Legal safeguards and rights were to come later, but Mahatma Gandhi emancipated women from slavery and oppression. What took centuries in other countries was accomplished in a matter of decades in our freedom struggle.

The mark of a true revolutionary is that he sets new standards and values. Gandhiji did. Let us recall his words:

"I will give you a talisman. Whenever you are in doubt or when the self becomes too much with you, apply the following test: Recall the face of the poorest and the weakest man whom you may have seen and ask yourself if the step you contemplate is going to be any use to him. Will he gain anything by it? Will it restore him to a control over his own life and destiny? In other words, will it lead to Swaraj for the hungry and spiritually starving millions? Then you will find your doubts and your self melting away."

We cannot, and will not, rest until we have won true Swaraj for the hungry and spiritually starving millions—until we have wiped out poverty from our land. Then, and only then, can we claim the privilege of being true disciples of the great Mahatma.

Mahatma Gandhi called Jawaharlal Nehru "the jewel of India". Panditji added new dimensions to our concept of

freedom. To a reawakened India he brought intimations of mighty historical forces at work on the world stage. As the freedom struggle grew in intensity, he went out among the masses, unfolding his vision of the future: Immemorial India rejuvenated by modern science, technology, and the cleansing moral force of socialism, yet retaining her identity and the age-old wealth of her spiritual wisdom.

Jawaharlal Nehru destroyed the edifice of imperialism. For he knew he had the greater task of building a new society. He was a great builder.

He gave India the enduring structure of democratic parliamentary institutions buttressed by the rule of law. Fundamental rights, directive principles of state policy, and safeguards for the scheduled castes and scheduled tribes together make our Constitution one of humanity's great charters of freedom and equality. We have passed through many a crisis, but democracy has continued to flourish—to the consternation of those who believed that democracy was for the rich, not for the poor. In India, democracy was for the rich, not for the poor. In India, democracy, with all its claimant contention, is alive and vibrant.

Jawaharlal Nehru fashioned the planning process to reach the ultimate objective of socialist society. Planning is now a part of the national consensus. It was not always so. It used to be described as the road to serfdom. Those who scoffed have stayed to praise. We have a strong economy. We are firmly set on the path of self-reliance, which means more freedom, not less. Our planning process has succeeded.

Panditji built the infrastructure of science and technology with loving care. Atomic energy and space stand out as symbols of this achievement, but no field was left untouched.

Let us not forget that it was Panditji who established the great laboratories, the giant irrigation dams, the fertiliser plants and the agricultural universities. This was the foundation of our self-sufficiency.

Immersed as he was in the

thick of our freedom struggle, Pandit Nehru foresaw that, in the ultimate analysis, the linkages between modern agriculture and industrialisation offered the only lasting solution to the poverty of India's masses.

With independence, the time came to translate into reality the dream of a vigorous, industrialised India. Panditji created the imposing structure of our industry. Leading this mighty effort was the public sector, a strong and dependable lever for development. He envisioned for it the commanding heights of the economy.

Under his inspiration, basic industries, infrastructure, machine building, oil exploration, metals and minerals and defence industries were established in the public sector. New technology was absorbed and nurtured. New skills came

to those who had never turned a simple lathe. Centres of modern industry blossomed in backward and remote areas.

With confidence, the Indian people wrote a new chapter in their long and tumultuous history. Through the instrument of the public sector, Jawaharlal Nehru made a decisive break with India's colonial de-industrialised stagnation.

Panditji was the great unifier of the Indian people. India is the home of many great religions. Her many splendoured mansion of unity rests on the bedrock of secularism. Like a great teacher, he expounded in simple language the philosophy of secularism. He repeatedly warned the nation against communalism. To him, secularism was the beacon light when waves of passion threatened to sub-

merge us.

Panditji looked at the world with the eyes of a humanist, in love with nature and with the works of man. He perceived before many others, that the splitting of the atom had changed for all time to come the universe of discourse among nations. War in a nuclear age was no longer policy by other means—it was mass suicide. He saw no meaning in military blocs. They did not guarantee security. They only guaranteed fear.

He wanted nations to cooperate, not dominate. He evolved the philosophy of non-alignment. Non-alignment is the international expression of national resurgence. It is the extension of democracy to international relations. It means independence of thought and action.

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[Text]

Panditji abjured entanglement with power blocs, because power blocs are based on conflict and erode the independence of countries which joined them. He put forward the positive concept of peaceful coexistence and cooperation to build a better, saner world free from anxiety, suspicion and fear.

This vision of a cooperative world order even today guides the Non-Aligned Movement, representing the vast majority of the family of nations. It is a powerful force for freedom, peace and justice in the world. In its centenary year, the Indian National Congress is proud that India has the honour to lead the Non-Aligned Movement.

All this and more is the legacy of Jawaharlal Nehru, his imperishable bequest to us in the Indian National Congress.

The smooth succession of Lal Bahadur Shastri proved the inherent strength of our democratic system. He guided the country with steadfast devo-

tion to the basic policies of the Congress. The Congress has always stood for patriotism, simplicity, selfless services and dedication to the cause of the underprivileged. Shastriji epitomised these values.

With the sudden demise of Shastriji, once more the questions arose with even greater urgency: Would a united India survive? Would its democracy endure? Would the cry of social justice remain its independence? Would the cry of social justice remain unheeded? Would India's voice for freedom, peace and justice remain as firm and resonant as in the past? Or would neo-colonialism claim yet another victim? Would India once again become a petitioner in the chancelleries of the West?

The world was torn by anxiety and conflict. In Vietnam, war continued to rage. There were no signs of any lessening of East-West tensions. In India, food shortages and inflation bred serious unrest. There were intense pressures to abandon the path of planned

development. It was a situation to daunt the most stout-hearted.

Never known to flee from challenge, Indira Gandhi took up cudgels on behalf of the masses of India. She placed the removal of poverty at the very centre of the planning process. One radical step followed boldly upon another, establishing beyond doubt where the sympathies of the Indian National Congress lay.

The nationalisation of banks, the abolition of privy-purses, the takeover of the coal mines, the promulgation of radical land reforms and the creation of constitutional safety-nets for them, the formulation of a system of guaranteed prices to farmers, the setting up of a country-wide public establishment of the monopolies and restrictive trade practices commission to curb concentration of economic power, the great impetus to the growth of the public sector, the tremendous fillip to indigenous science and technology,

the Pokhran test for peaceful purposes, the space programme and the launching of the massive 20-point programme and the rural landless labour employment guarantee programme—all these electrified the nation.

The Congress in the late Sixties reminded one of Panditji's address to the 1936 Lucknow Congress, where he said:

"We have largely lost touch with the masses and, deprived of the life-giving energy that flows from them, we dry up and weaken and our organisation shrinks and loses the power it had."

The people were adrift. The policies of the Congress were in confusion. There was no programme of action. At this point of crisis, Indira Gandhi revitalised the party by restoring its organic link with the masses. The sap of action began to flow once again in the views of the organisation. The vocabulary and the idiom of Indian politics were never to be the same again after her historic call for "Garibi hatao."

Indiraji transformed the Congress from a party in which vested interest had gradually gained ascendancy into a party which identified itself totally with the hopes and aspirations of the poor. Through her unrelenting struggle against those who opposed radical change in our social and economic structure, she placed her indelible stamp on the history of our party.

With unparalleled tenacity, she persuaded millions of Congresswomen and men to pursue the path of socialism to progress. She took the people

into confidence on the nature of the issues which were convulsing the Congress and mobilised them behind her policies.

The masses gave her the strength to face with unequalled courage the inner turmoil of the party. They manned the barricades. In 1969, the champions of the status quo had to retreat, relinquishing their control of our great organisation. The triumph of the Congress in the 1971 elections was a big blow to the forces that had thwarted social change from within the party. They were to regroup and challenge her again.

India's unequivocal stand on major international issues had disturbed, even alarmed forces who were exerting pressures on us to deflect us from our independent policy of non-alignment. The emergence of sovereign Bangladesh and Indira Gandhi's historic role in it were anathema to neo-imperialism.

Almost immediately thereafter began the collusion between external and internal forces of destabilisation. The international economic crisis, widespread drought and inflation within the country put an intolerable strain on our system. National stability was in dire peril.

To meet an unprecedented threat to the nation's stability, an Emergency was proclaimed in 1975. The process of socio-economic change gathered momentum with the promulgation of the bold and dynamic 20-point programme. A democrat to the core of her being, Indiraji called election in 1977. She accepted the verdict of the people who defeated her

and the Congress. She knew it was an angry reaction to some mistakes that had been committed, but that the people were still with her and with the Congress. She stood by the people in their travail as they faced the tragic consequences of the reversal of nationally accepted policies.

But many of her colleagues did not have her courage of conviction. Their vision faltered. They parted company with her. The Congress again emerged, with youth in the vanguard, as the sword-arm of the poor. They voted her back in 1980, expressing their unbounded love for her and trust in her commitment to social justice.

In radicalising the Congress, Indira Gandhi also gave new strength and vitality to the democratic, parliamentary institutions of the republic.

She realigned our political process with the urges of the toiling masses. By translating the people's aspirations into epoch making legislations, policy innovations and programmes for the uplift of the poor, she made the legislatures watchful guardians of the rights and needs of the people.

Elections and the parliamentary process acquired ideological and programmatic clarity, giving direction to national progress. She mobilised immense numbers of people from all strata, filling them with hope and deepening their allegiance to the democratic way of life. In victory as in defeat, Indiraji was the prime mover of the people's emotions and endeavours. She ensured that India's democracy would never be the plaything of vested interests.

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[Text]

Indira Gandhi knew, as did Jawaharlal Nehru, that social justice depended on the production and equitable distribution of wealth. She attended to the growth potential of our economy like a loving mother. The first to claim her attention was agriculture. Not just because of an

overwhelming majority deprived their livelihood from agriculture, but because national independence and self-respect demanded that we do not stretch our hands before anyone for food.

Many here will still recall the pain and the humiliation of the "ship-to-mouth" days. She

called upon our farmers and our agricultural scientists to apply modern technology to increase food production. Their heart-warming response is a matter of history. Thus were laid impregnable foundations of self-reliance.

As she had faced not one but two oil crises, Indira Gandhi

was determined to take India towards self-sufficiency in energy resources. The prodigious effort to raise oil production, trebling it in the short space of four years, is testimony to her far-sighted vision.

Indiraji had a unique relationship with India's dedicated scientific community. She was their special friend to whom they turned for counsel and encouragement. Together they placed India in the front rank of international scientific communities. A few days ago I was in Kalpakkam to inaugurate the fast breeder test reactor. India is the seventh country in the world to have such a reactor. Indiraji's monumental work in furthering indigenous science and technology has greatly strengthened the base for self-reliance.

Generations will remember with gratitude the decisive direction Indira Gandhi gave to India's industrialisation and technological advance. She set exacting tasks for the public sector which responded with enthusiasm. Through the exertions of the working class and talented managers and technologists, it became the pivot of India's industrial progress.

All branches and sectors of industry grew with speed, placing India among the major industrial nations of the world. The enormous range and depth of industrial progress, centred on the public sector, has served the nation well. Today, if we are poised for faster technological growth, the credit goes to Indiraji who prepared the seed-bed of modernisation.

In the international field, Indira Gandhi was the authentic voice of non-alignment, of peace and peaceful coexistence, disarmament and development. She was bold and fearless, refusing to be cowed down by pressures, however strong. Where the independence or sovereignty of India were in question, she never vacillated, never hesitated, never compromised. She stood like a rock in the defence of India.

The passion that ruled her was above all the passion for the unity and integrity of India. In the perspective of history, she knew how India had been subjugated because of its

of a son who had been a tower of strength. She gave me no directions, no formulae, no prescriptions.

She just said, "Understand the real India, its people, its problems." So I plunged into work. Millions of faces in varying moods of joy and sorrow, of eager expectation, of triumph and defeat filled my being, till they merged into the face of Mother India, proud, defiant, confident but also full of sad perplexity. Always, the unspoken question haunting her face: Whither India?

I was exhilarated by what had been achieved in the short period since Independence. I was also saddened by what might have been but was not, because of weaknesses in government and in the party. I kept my counsel to myself as I was an apprentice in the great school of politics.

After two years of incessant travelling, meeting people, reading and reflection, I felt I could go to her with my perceptions. Listening to me, she thought I had gained some understanding of the complexities of our society. And then she began to unburden herself. She spoke of India's enduring strength and of her hopes for India, but also of her apprehensions and anxieties.

She analysed with clinical precision how the entire system had been weakened from within, how the party had once again been infiltrated by vested interests who would not allow us to move, how patronage and graft had affected the national institutional framework, how nationalism and patriotism had ebbed, how the pettiness and selfishness of persons in political positions had ruptured the social fabric.

She was clear that, if India had to keep her "tryst with destiny", so much had to change. And then, suddenly, she left us. Indiraji's thoughts and reflections on the state of the nation are an abiding influence.

We have cherished our democracy. Democracy is our strength. In 1984, the people of India gave our party its largest ever majority. Their eloquent verdict strengthened the unity and integrity of India. A nation sorrowing over its beloved leader drew from

inability to rectify internal weaknesses and to unitedly confront external dangers.

She turned the searchlight on the internal social malaise that weakened the nation—the deprivation of the scheduled castes and the scheduled tribes, the social and economic backwardness of the minorities, communalism, casteism and narrow regional loyalties. Her effort throughout was to strengthen the national fabric. Her socio-economic programmes are her greatest contribution to national integration.

But she never forgot the threats to India, external and internal, direct and indirect, military and economic. She campaigned relentlessly to alert the nation to these dangers and toiled unremittingly to strengthen our defences.

She had seen again and again how the independence and unity of nations had been suborned and subverted. She was determined not to let this happen to India. Nothing would induce her to accept the dilution of an iota of India's unity and sovereignty, even at the cost of her life. What of the future? Where do we go from here?

There is no rest for us. As Jawaharlal Nehru had said, "We cannot rest, for rest is betrayal of those who have gone and in going handed the torch of freedom to us to keep alight, it is betrayal of the cause we have espoused and the pledge we have taken, it is betrayal of the millions who never rest." We cannot rest.

The history of our party tells us that, at each critical turning point, we took stock of our weaknesses and strengths to decide the direction we must take. The present situation demands a similar unsparing examination. Without self-introspection, without soul searching, movement will not be of much avail. We must see ourselves in the mirror of truth. What have we done with the legacy of our great leaders?

To answer this question, I must delve into my own political experience, short though it is. When I started my political work, it was only with the motive of being by the side of my mother. She bore with stoic fortitude the irreparable loss

its vast reserves of strength to protect the inheritance of its glorious freedom struggle.

We applied the lessons of the 1984 elections to the complex and difficult problems in Punjab and Assam. Our basic concern was to end any sense of alienation in the larger interests of national unity. We carried forward the process to reach an understanding and harmony, to dispel mistrust and suspicion, and to seek the people's mandate for progress through brotherhood.

We had no narrow partisan considerations in view. The situation demanded that we rise above mere expediency. The Congress, with its century-old tradition of nationalism, put India first.

We have no illusion that all problems have been resolved. But the democratic way of nation-building requires patience, perseverance and a spirit of conciliation. Those who have been entrusted with responsibility have to constantly keep in view the larger perspective of unity. They have to act in the same spirit in which we have acted, the spirit of nationalism. Enduring unity comes from the willing cooperation of all.

**W**e proclaim and celebrate the unity of India. It is a

fact of transcending significance. But is it not also a fact that most of us, in our daily lives, do not think of ourselves as Indians? We see ourselves as Hindus, Muslims or Christians, or Malayalees, Maharashtrians or Bengalis. Worse, we think of ourselves as brahmins, thakurs, jats, yadavas and so on and so forth. And we shed blood to uphold our narrow and selfish denominations.

We are imprisoned by the narrow domestic walls of religion, language, caste and region, blocking out the clear view of a resurgent nation. Political parties, state governments and social organisations promote policies, programmes and ideologies which divide brother from brother and sister from sister. Bonds of fraternity and solidarity yield to the onslaughts of meanness of mind and spirit. Is this the India for which Mahatma Gandhi and Indira Gandhi sacrificed their lives?

Turn to the great institutions of our country and you will see that too often, behind their imposing facades, the spirit and substance lack vitality. The work they do sometimes seems strangely irrelevant to the primary concerns of the masses. Attempts are made to taint the electoral process at

its very source. Issues of crucial national importance are frequently subordinate to individual sectional and regional interests. Our legislatures do not set standards for other groups to follow: They magnify manifold the conspicuous lack of a social ethic.

A convenient conscience compels individuals to meander from ideology to ideology seeking power, influence and riches. Political parties twist their tenets, enticed by opportunism. "The best lack all conviction and the worst are full of passionate intensity." We are amongst the few to have the rule of law and an independent judiciary. But thousands wait for decades while an elaborate and arcane machinery grinds ever so slowly. The poor have little hope of timely redress.

We value our free press. It made a magnificent contribution to our freedom struggle. After independence, the national media have helped consolidate our unity and promote social and economic change. But the question the media need to put to themselves is: does this contribution to nation building measure up to their role in the freedom struggle?

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[Text]

**O**ur economy owes much to the enterprise of our industrialists. But there are some reputed business and industrial establishments which shelter battalions of law breakers and tax evaders.

We have industrialists untouched by the thrusting spirit of the great risk-takers and innovators. The trader's instinct for quick profits prevails. They flourish on sick industries. Many have not cared to learn the fundamental lesson that industrialisation springs from the development of indigenous technology, not from dependence on others. Industrial empires built on the

shaky foundations of excessive protection, social irresponsibility, import orientation and corruption may not last long.

The trade unions have a glorious heritage of nationalism and of socially relevant radicalism. Today, they are a mere shadow of their past. They now protect the few who have, oblivious of millions who have not. They feel little concern for the creation of national wealth, only for a larger and larger share. Nothing is considered illegitimate if one marches under the right flag.

Power without responsibility, rights without duties have come to be their prerogative. Will productivity arise from

such stony soil? Let us not forget that the poor and the unemployed have to sacrifice their development programmes to subsidise inefficient industry.

**O**n the field of education, the nation has much to be proud of. Access to education has been widened immeasurably. Indian scholars are in the front rank of creative endeavour in the best institutions across the world. But the schools, the universities and the academies of the republic, which should fill our minds with hope for tomorrow, cause us great concern.

Teachers seldom teach and students seldom learn. Strikes,

mass copying, agitations are more attractive alternatives. Where there should be experiment and innovation, there is obeisance to dead ritual and custom, smothering creativity and the quest for knowledge and truth. Where there should be independence and integrity, there is the heavy hand of politics, caste and corruption. Where there should be a new integration between modern science and our heritage there is a dull repetition of lifeless formulae. Millions are illiterate. Millions of children have never been inside a school.

And what of the iron frame of the system, the administrative and the technical services, the police and the myriad functionaries of the state? They have done so much and can do so much more, but as the proverb says there can be no protection if the fence starts eating the crop. This is what has happened. The fence has started eating the crop.

We have government servants who do not serve but oppress the poor and the helpless, police who do not uphold the law but shield the guilty, tax-collectors who do not collect taxes but connive with those who cheat the state, and whole legions who are only concerned with their private welfare at the cost of society.

They have no work ethic, no feeling for the public cause, no involvement in the future of the nation, no comprehension of national goals, no commitment to the values of modern India. They have only a grasping, mercenary outlook, devoid of competence, integrity and commitment.

How have we come to this pass?

We have looked at others. Now let us look at ourselves. What has become of our great organisation? Instead of a party that fired the imagination of the masses throughout the length and breadth of India, we have shrunk, losing touch with the toiling millions. It is not a question of victories and defeats in elections.

For a democratic party, victories and defeats are part of its continuing political existence. But what does matter is whether or not we work among the masses, whether or not we are in tune with their strug-

gles, their hopes and aspirations. We are a party of social transformation, but in our preoccupation with governance we are drifting away from the people. Thereby, we have weakened ourselves and fallen prey to the ills that the loss of invigorating mass contact brings.

Millions of ordinary Congress workers throughout the country are full of enthusiasm for the Congress policies and programmes. But they are handicapped, for on their backs ride the brokers of power and influence, who dispense patronage to convert a mass movement into a feudal oligarchy. They are self-perpetuating cliques who thrive by invoking the slogans of caste and religion and by enmeshing the living body of the Congress in their net of avarice.

For such persons, the masses do not count. Their life style, their thinking—or lack of it, their self-aggrandisement, their corrupt ways, their linkages with the vested interests in society, and their sanctimonious posturing are wholly incompatible with work among the people. They are reducing the Congress organisation to a shell from which the spirit of service and sacrifice has been emptied.

As we have distanced ourselves from the masses, basic issues of national unity and integrity, social change and economic development, recede into the background. Instead, phoney issues, shrouded in medieval obscurantism, occupy the centre of the stage. Our Congress workers, who faced the bullets of British imperialism, run for shelter at the slightest manifestation of caste and communal tension. Is this the path that Gandhiji, Panditji and Indiraji showed to a secular, democratic India?

We talk of the high principles and lofty ideals needed to build a strong and prosperous India. But we obey no discipline, no rule, follow no principle of public morality, display no sense of social awareness, show no concern for the public well.

Corruption is not only tolerated but even regarded as the hallmark of leadership. Flag-

rant contradiction between what we say and what we do has become our way of life. At every step, our aims and actions conflict. At every stage, our private self crushes our social commitment.

As action has diverged from precept, the ideology of the Congress has acquired the status of an heirloom, to be polished and brought out on special occasions. It must be a living force to animate the Congress workers in their day-to-day activity.

Our ideology of nationalism, secularism, democracy and socialism is the only relevant ideology for our great country. But we are forgetting that we must take it to the masses interpret its content in changing circumstances, and defend it against the attacks of our opponents.

Mahatma Gandhi visualised the Congress as a fighting machine. Time and again we have demonstrated our fighting qualities—in the great non-cooperation movements of the Twenties and Thirties, in the Quit India movement of 1942, in the Fifties and Sixties when we carried the message of socialism to every door, in 1969-71 when the vested interests had to be fought in Parliament, in the courts and in the streets and in 1977-79 when persecution and calumny were answered by thousands of brave satyagrahis throughout the country.

This is our tradition, we have to revive this tradition to fight for the poor and the oppressed. Only by doing so shall we gain the strength to create the India of our dreams.

The revitalisation of our organisation is a historical necessity. At this critical juncture, there is no other political party capable of defending the unity and integrity of the country. There is no other party capable of taking the country forward to progress and prosperity. All other parties are shot through and through with internal contradictions. The sorry, unedifying spectacle of their total incapacity, corruption, nepotism, hypocrisy has disfigured our political landscape.

They have shown a cynical disregard for sensitive issues of national security. Some have not hesitated even to col-



lude with anti-national elements. Their ideological roots are shallow, their political outlook circumscribed by region, caste and religion, wherever they have come to power, they have retarded social and economic progress. They have no sense of history. Those who campaign for a weak centre, campaign against the unity and integrity of India. Their slogans of welfare are spurious because true welfare comes from growth, which they have been busy destroying. It is the responsibility of the Congress to ensure that India is not left to the mercy of such forces.

We must once more generate a mass movement based on Congress ideology to fulfil this momentous task. Only with such a movement can we cleanse the party and the nation. The inner strength of our people, their unbounded patriotism, their unshakeable commitment to social justice, and their aspiration for a strong and prosperous India will destroy the ugliness and enrich the creating ground of India's greatness.

How will this mass movement of epic proportions arise? What are the essentials of the 'build India movement'?

The country needs a politics of service to the poor. The country needs a politics based

on ideology and programmes. To bring this about, we must break the nexus between political parties and vested interests. We will change the electoral laws to ensure cleaner elections. We will make political parties accountable for the funds they receive. We will wage an ideological war against those who exploit the poor, in the name of religion.

The Congress, the custodian of the national will and the sentinel of India's freedom and unity, will be reorganised and revitalised. It will gather in its fold, patriots of all sections and all communities, it will be the shield of the oppressed and the sword of the poor.

The war on corruption will go on without let or hindrance. The country needs a clean social and political environment, and the Congress is determined to give it.

Any denial of justice to the poor and the weak is in itself a crime. Our judicial institutions and legal systems have to be streamlined and strengthened. Sooner rather than later. We shall put our best brains to work on this problem.

Our administrative machinery is cumbersome, archaic and alien to the needs and aspirations of the people. It has successfully resisted the imperative of change. It must learn to serve the people. It must become accountable for

results. We need structural changes at all levels. We shall have them.

The India of the future is growing in her schools and universities. But our schools and universities do not relate to the vision of the future. They continue to function in the old grooves. A new blueprint for education is being designed. It will not come out of the musty corridors of the educational establishments. It will only come from a movement involving teachers, students, parents, and thinkers.

Not a movement to capture more privileges, but a movement that sees the future in relation to the present and the past, a movement that uses the vast untapped energy of millions to create a design suited to our needs.

As we look back on what we have achieved, one thought keeps coming back to mind. How much faster we would have developed had we succeeded in restricting the growth of our population. Progress would have been greater not in material terms alone, but in the quality of human life. That makes the family planning programme so crucial to our future development. We need a better strategy to achieve the national goal of a stable population, healthier and better educated.

[11 Jan 86 p 8]

[Text]

The time has come to infuse new life into the struggle against poverty. Our antipoverty programmes notably the 20 point programme, have to come out of the grip of bureaucratic sloth and inefficiency. They have to become people's programmes. All the elements—education, health and nutrition, family planning, land reforms and cooperatives, communications, agriculture, animal husbandry, industrial and rural crafts—all have to come together in an integrated programme to wipe out the age-old curse of poverty.

The power to shape their own lives must lie with the people, not with bureaucrats and experts. Experts must help the people. Vibrant village panchayats must discuss, deliberate and decide the choices to be made.

This is a challenge to the Congress cadres. It is up to us, the workers of this great organisation, spread in every village and every hamlet of India, to mobilise the people, to guide them, to stand by their side when they are denied their due, to fight for them and to see that resources are properly utilised, not frittered

away on unproductive projects. This will keep our organisation in touch with the masses and will help us to become the true vehicle of change in rural India.

We are building an independent, self-reliant economy. We have already achieved much. But more hard work is required from everyone—from scientists and technologists, from the public sector, from the private sector, from industrial workers, from farmers, from public servants, from traders, from housewives and from each one of us. We have to work hard to accelerate our

agricultural and industrial development on the basis of our own resources.

We have to produce more than we are doing today to invest more in future progress, and to support anti-poverty programmes. We must remember that self-reliance and eradication of poverty demand, indeed compel, the present generation to bear hardships and make sacrifices.

Those who are employed have a duty to the future of India. They have to be more productive and consume less so that resources can be made available for investment and for programmes to help the poor. This is a national duty—patriotic duty.

Our life styles must change. Vulgar, conspicuous consumption must go. Simplicity, efficiency and commitment to national goal hold the key to self-reliance. The Congress ministers, Members of Parliament, members of state Assemblies, party functionaries and leaders at all levels must set the example. Millions of people will follow them. Austerity and swadeshi will galvanise the masses to grow more, to produce more and to serve more.

Above all, we need to create a mass movement for strengthening India's unity and integrity, for deepening our Indianness. The Congress which won freedom for India, the Congress which had brought

India to the threshold of greatness, is preeminently the party of India's resurgent nationalism. Our nationalism is based on our rich diversity of cultures, languages and religions. The Congress represents the multi-faceted splendour of India.

Today, communal, casteist and regional forces, sustained by external elements, are undermining our unity.

We have to be on our guard. We have to carry the message of nationalism and unity to all. We have to overcome divisive forces. Let the saga of our freedom struggle be our inspiration. Let thousands and thousands of Congress workers fan out into every village, every urban centre to revive the traditions of our glorious struggle for freedom in which all differences were transcended.

We shall persuade. We shall educate. We shall bind people together. But let the divisive forces understand quite clearly that the Congress, with the strength of the masses behind it, will crush with all its might the designs of anti-national elements.

A century of achievements ends. A century of endeavour beckons to us. Our resplendent civilisation, with unbroken continuity from the third millennium BC looks ahead to peaks of excellence in the third millennium AD.

It falls to us to work for India's greatness. A great country is not one which mere-

ly has a great past. Out of that past must arise a glorious future.

Let us build an India—proud of her independence; powerful in defence of her freedom; strong, self-reliant in agriculture, industry and front rank technology; united by bonds transcending barriers of caste, creed and region; liberated from the bondage of poverty, and of social and economic inequality; an India disciplined and efficient; fortified by ethical and spiritual values; a fearless force for peace on earth; the schooled of the world, blending the inner repose of the spirit with material progress; a new civilisation, with the strength of our heritage, the creativity of the spring time of youth and the unconquerable spirit of our people. Great achievements demand great sacrifices. Sacrifices not only from our generation and the generations gone by, but also from generations to come. Civilisations are not built by just one or two generations. Civilisations are built by the ceaseless toil of succession of generations. With softness and sloth, civilisations succumb. Let us beware of decadence.

We must commit over to the demanding task of making India a mighty power in the world, with all the strength and the compassion of her great culture.

To this cause, I pledge myself. Jaihind.

### Gandhi Speaks to Closing Session

New Delhi PATRIOT in English 30 Dec 85 p 1

[Text]

**Indira Nagar, Dec 29**—Prime Minister and Congress president Rajiv Gandhi today said that the Congress had gained further strength after the centenary celebrations and now it should be the concern of the partymen to see that the centenary resolve is translated into effective action. This, he said, the partymen would do by carrying the message of the Bombay session to every part of the country.

Summing up the two-day deliberations at the plenary session of the party, he said that the Government would certainly do its best to implement the policy and programme of the party but essentially it is the Congress party itself which will have to carry out the party programme to the remotest villages of India.

Mr Gandhi said the party has got to be rejuvenated and its rank and file

should be involved in the party programmes and added that as a first phase of its action programme 'the organisational elections have been announced.

In this respect he mentioned the complaints about bogus membership and said that this phenomenon has been old enough in the history of the party. He said that a senior member has just brought to his notice from the old

records of the organisation the fact that it was no less a person than Netaji Subhas Chandra Bose who had complained to Mahatma Gandhi about the omission of his name from the membership rolls of the organisation soon after his election to the presidency of the party.

He called upon the partymen to take all steps to eliminate bogus membership by exercising vigilance against those who indulge in it.

He said that it was the responsibility of the party workers at the grassroots level to ensure that there was no enrolment of bogus members in the party.

Mr Gandhi called on the front organisations of the party to spread out into the countryside and spread the message of the Congress.

He was critical of the women's wing and emphasised the need to improve its

functioning. Only then would it be able to make an impact on the women of the country.

He told the delegates that the Congress had more responsibility because no other political party had the all India character and tradition as it had.

He told them that the world looked upon the party for the future of the country and the oppressed people.

Mr Gandhi said there was no other party which could maintain India's unity and hence it was the special responsibility of the Congress to see that the party was strengthened. "Strong Congress alone could mean strong India", he added.

Stressing the need to "cleanse" the party and reduce internal squabbles, Mr Gandhi said this should be the responsibility of all Congressmen.

The Swadeshi movement launched by the Father of the Nation should be

intensified. "We have to see how more products could be manufactured indigenously", he added.

He said that the party would have to race against time to build a strong India in the fast developing world and the country could be strong enough only if she produces most of the things indigenously. But Swadeshi does not mean producing 50 years old things. The race is hard and India would have to win it. This was possible only if India takes a big leap forward in industrialisation, he added.

The Congress president had a dig at BRCC when at the outset. He apologised for inconvenience caused to the delegates due to some weaknesses in arrangements in Bombay.

The delegates were drowned in laughter as he said that for the next centenary celebrations BRCC has assured not to repeat the mistakes.

### Rift over Chandigarh

Bombay THE TIMES OF INDIA in English 30 Dec 85 p 13

[Article by Subhash Kirpekar]

[Text]

INDIRA GANDHI NAGAR  
(Bombay), December 29.

THE chief minister of Haryana, Mr. Bhajan Lal, and Mr. Darbara Singh, MP CWC member and former chief minister of Punjab, have taken diametrically opposite stands on the Mathew commission.

While Mr. Bhajan Lal declared at the centenary plenary meeting today that Haryana would not tolerate any injustice and would not accept the award by the Mathew commission if it was unjust to Haryana, Mr. Darbara Singh maintained that none should doubt the integrity of the Prime Minister, who had set up the commission to settle the dispute between Punjab and Haryana. Only after the Mathew commission gave its award could it be judged whether it was just or not, Mr. Darbara Singh said yesterday while opposing "all pressure and bullying tactics."

Both Mr. Darbara Singh and Mr. Gurdial Singh Dhillon, Congress MP from Ferozepur, voiced criticism of the general amnesty granted to terrorists, extremists and criminals by the Akali government headed by Mr. Surjit Singh Barnala. Praising Mr. Gandhi for initiating and signing the Punjab accord, they regretted that the Akalis

were trying to vitiate the atmosphere created by the accord. Both maintained that the incidents of killing and violence had increased in Punjab after the Akalis came to power in September.

Mr. Bhajan Lal said that if Abohar and Fazilka were not given to Haryana in lieu of Chandigarh and if the Sutlej-Yamuna canal was not ready by August 15, "the people of Haryana will not tolerate injustice."

Making this statement in the presence of Mr. Gandhi, who was presiding over the resumed debate on the resolution passed earlier by the subjects committee, Mr. Bhajan Lal did not mince words in declaring: "We do not want any favour. We want justice." He added that the way the Akali leaders were talking, it did not seem that justice would be done to Haryana.

The chief minister regretted that work on the canal had not begun in the last three months. He expressed grave doubts if the deadline of completing the canal by August 15 would be met if this attitude by Haryana's "big brother", Punjab, persisted.

#### SERIOUS PROBLEMS

Mr. Bhajan Lal let it be known that there would be serious problems in Haryana if the Hindi-speaking territories of Fazilka and Abohar were not

transferred to Haryana and if the canal was not ready by the stipulated deadline. Water and power were two prime requirements of Haryana, he said, and added that a "national grid" should be set up for these two purposes.

The chief minister supported the view expressed by Mr. Dhillon on the soft attitude of the Akali government towards terrorists, extremists and criminals and the in-fighting in the Akali Dal.

Mr. Dhillon wanted measures to be taken to prevent the atmosphere being spoiled by the indiscriminate release of elements known to subscribe to terrorism and violence. He also cautioned the government against clashes between Punjab and Haryana on January 26, when Chandigarh will be transferred to Punjab. At the same time, he expressed confidence that the courage and wisdom of the Prime Minister, would enable this situation to be tided over.

Both Mr. Bhajan Lal and Mr. Dhillon said the Punjab accord was in the national interest and should be implemented in letter and spirit.

Mr. Chiranjilal Sharma, MP from Haryana, vigorously supported the stand taken by Mr. Bhajan Lal and pointed out that "he is answerable to the people of Haryana." "Some friends

felt that the chief minister had made a strong statement. I don't think it is a strong statement," he said.

"The people of Haryana are good and polite. But this should not be mistaken for their being weak and cowardly," he said, adding that they knew how to fight for their rights.

Mr. Sharma's main thrust was against the insincerity of the Akalis towards Haryana. Earlier also, after Sant Fateh Singh's fast, Mrs. Indira Gandhi had awarded Chandigarh to

Punjab and Abohar and Fazilka should have come to Haryana. But the latter part had been blocked by Akali intransigence. "How can we believe that on January 26, when Chandigarh goes to Punjab, we will get what we should," he asked.

Responding to Mr. Darbara Singh's interjection to reunite Haryana and Punjab, Mr. Sharma replied enthusiastically, "I welcome the suggestion."

### 'Centenary Resolve' Adopted

New Delhi PATRIOT in English 30 Dec 85 p 1

[Article by Padmanand Jha]

[Text]

**Indira Nagar, Dec 29**  
**T**he Indian National Congress today entered its second century of service to the nation with a firm resolve to build a mighty India committed to socialism, secularism, democracy and non-alignment.

The plenary session of the party passed unanimously the omnibus "centenary resolve" so painstakingly drafted by P V Narasimha Rao and others after debating it for more than eight hours during which over 50 delegates from various parts of the country, representing practically every region and religion, took part.

The main thrust of the speakers was the urgent need for a time-bound programme to be made by the party to fight the disruptive forces of regionalism, communalism and casteism which were threatening the very unity and integrity of the country for which Indira Gandhi had made the supreme sacrifice.

The goals set by the Congress as it enters its second century are:

--Ensuring growth with social justice

--Commitment to public sector

--Bring in modern technology in agriculture and industry to put down all waste, extravagance, inefficiency and

inappropriate life styles of vulgar consumption

--Greater attention to the development of human resources

--Development of advanced science and technology in uplift of the poorest of the poor.

The resolve also took stock of the international situation. It expressed concern at the ethnic situation in Sri Lanka. While assuring India's good offices in the resolution of the question, the plenum hoped that conditions of amity will prevail in this neighbouring country and that the Tamil refugees outside Sri Lanka would return to their homes to a life of safety and dignity.

The plenum also strongly condemned apartheid which is an outrage on the world's conscience and extended full support to the people of South Africa and Namibia.

About nuclear disarmament, it noted that while the Geneva summit was a positive step, purposeful and determined action has still to begin in this direction.

In his brief but forceful concluding address to the two-day session, Mr Gandhi asked partymen to strengthen the organisation as there was no alternative to the Congress. There were no other political party which could lead the country and make it strong. Hence a heavy responsibility rested on Congressmen's shoulders, he said.

Mr Gandhi referred to his presidential speech and said the Government would take necessary action to achieve the objectives enunciated by him but

Congress workers would have to put in harder effort to ensure the implementation of the programme.

Stating that the session had enthused a new spirit among the party workers, Mr Gandhi said "we have to see how we could take this spirit to every nook and corner of the country.

It would be difficult to select the star of the long debate over a document that was variously described as "brilliant" "comprehensive" "embodying the real spirit of the 100-year-old party" and "forward looking", but the man who drew repeated applause today was Union Minister Buta Singh with his forthright attack on the use of religious places as "political dens" and his strong objections to describing people as "the majority community and the "minority community".

There is no place in this country for such terms which are so commonly bandied about, Mr Buta Singh said. "While one generates a feeling of superiority, the other instils a sense of insecurity both of which are dangerous for the unity of the country", Mr Buta Singh said and added that the people of the country--the children of Gandhi, Nehru and Abul Kalam Azad -- were only Indians and nothing else.

Mr Buta Singh fully shared the sentiments expressed by party president Rajiv Gandhi spelt out in his inaugural address yesterday about vested interests having gained an entry into the party, having created their own feudal fiefdoms.

He said a special cell should be created in the Congress to frame a time-bound programme in answer to Mr Rajiv Gandhi's desire for a mighty India that could become a force in the world.

Mr Buta Singh also lashed out against the vested interests who had gained a stranglehold over the cooperative movement launched by Jawaharlal Nehru with such a great vision—big sharks having made sure that the 12,000 crore farmers who were a part of this great movement never got their legitimate share. He added that there were a number of States where panchayat elections had not been held for years and demanded arrangements for their being held soon to ensure that the voice of the farmers, who had made the greatest contribution to the nation's self-reliance, was heard.

The resolution was passed without a single amendment being pressed. The only amendment suggested by Mr Jawant Singh Chouhan of Gujarat, was withdrawn at the request of party president Rajiv Gandhi.

Union Minister of Communication V N Gadgil drew immediate applause when he announced that he would speak in Marathi. Mr Gadgil said the Congress had survived the century and would go on as a strong viable force primarily because its pro-people economic policies that had given so much strength to the country.

However, Mr Gadgil sounded a note of warning when he drew the people's attention to the unprecedented dangers before the country's security environment and said a befitting reply to it could be given only by the Congress party to which he was sure the people would contribute their might.

Union Minister for Commerce Arjun Singh who in his own way had added to the joy of the centenary celebrations by his contribution to the solving of the Punjab tangle, referred to the introspection in Mr Rajiv Gandhi's inaugural speech and said the Congress governments, both at the Centre and in the States, will have to ensure that their power would be used strictly for the exploited, the weaker sections of the society, without in any way being worried about the repercussions it may have on the prospects of the party.

He said the same force that had guided the nation's independence struggle and the same values were now needed in the country's development efforts. He said there was nothing wrong about regions, but when religion,

region or for that matter caste was used for political purposes, it led to a serious threat to the country's unity. Purely "Indian viewpoint" could be the only answer to disruptive forces and he appealed to the partymen to help generate this viewpoint among the masses.

A hundred years ago the Indian National Congress had made a tryst with destiny, Mr Arjun Singh said. Now it was for Rajiv Gandhi to make yet another tryst with destiny, to prepare the country to become a front ranking nation in the 21st century.

Mr Trilochan Singh of Punjab in his short speech asked that a special committee be set up to suggest ways in which the nexus between the politician and the vested interests was to be smashed. The committee should be asked to submit its report within three months of its formation. He referred to the various forces catering to regionalism and communalism and said the Congress that had played a role in cementing the people from different regions and religions together in the past was the only organisation that could do so in the future.

Former Lok Sabha Speaker and member of Parliament G S Dhillon described the occasion as a moment of pride for the people both of his generation and that of the next. He expressed his happiness over what he described as the complete resolution but said he was still a sad man because of what had happened and was still going on in Punjab.

With the accord, he had thought that peace would prevail but it was disheartening to see a repetition of incidents of violence in many districts of the State. Long time ago, the Britishers had adopted a policy of divide and rule to gain and retain power, today also there were forces within the country who were trying to follow the same policy in a bid to secure power, he added.

Mr B Shankaranand said destiny had commanded Mr Rajiv Gandhi to lead the party into its second century and felt sure that under his leadership it would grow in strength to squarely face the challenges of casteism, regionalism and poverty.

Both Mr Bhajan Lal and Mr Chiranji Lal Sharma from Haryana expressed happiness that Mr Rajiv Gandhi had managed to solve the contentious Punjab tangle but said they were concerned at the manner the Akali Dal government was dragging its feet over the Sutlej Yamuna Link (SYL). Haryana would have problems in accepting the portions of his accord giv-

ing Chandigarh to Punjab on 26 January if work was not carried out with the necessary pace over the SYL and if Abohar and Fazilka did not go to Haryana in lieu of Chandigarh. Mr Chiranji Lal Sharma said the gentleness of the people of Haryana should not be taken as a sign of weakness by the Akali government.

Mr B Basappalingappa became emotional when he deplored that it was about time that people like him be spared the indignity of being called Harijans. "Let us swim in the mainstream of national development", he pleaded. He also said the need of the hour was a strong Centre and a bureaucracy that was committed to the removal of bureaucracy.

Several other members said the party's active workers should be given the job of monitoring development projects and anti-poverty programmes. The rusted iron-frame of bureaucracy and vested interests who colluded with them ate up whatever benefits should have accrued to the poor, they said.

The discussion was wound up by the concluding remarks of former Finance Minister Pranab Mukherjee, who had seconded the resolution yesterday.

Mr Rajiv Gandhi put the resolve to vote and the delegates raised their hands unanimously.

Gandhi at 29 December Public Meeting

Bombay THE TIMES OF INDIA in English 30 Dec 85 p 1

[Text]

**BOMBAY, December 29.**

**C**ENTRAL assistance of Rs. 100-crore to help Bombay overcome its housing needs, was announced here today by the Prime Minister, Mr. Rajiv Gandhi.

The surprise announcement came as a centenary gift with the Prime Minister's "best wishes for the New Year", at a huge public meeting at the historic Azad Maidan, which rounded off the Congress centenary session and celebrations.

In the context of Bombay's gigantic problems, the Prime Minister said more attention should be paid to the problems of our growing cities, "before it is too late."

He said the Rs. 100-crore assistance would augment the Rs. 284-crore scheme undertaken by the state government for housing slum-dwellers. The state government scheme is aided by the World Bank.

Mr. Gandhi also announced that the new Mankhurd-Belapur railway project which has been accepted would be completed soon.

Referring to a memorandum presented to him earlier in the day on behalf of RMMS, he said industry and labour should work together for mutual progress and development. He would study the memorandum after his return to Delhi, he said, and decide what should be done about it.

Thanking the people of Bombay for their hospitality, Mr. Gandhi concluded his half-hour speech with "New Year wishes for a strong India."

He was all praise for the vital rôle played by Bombay in the birth and

growth of the Congress, the country's freedom struggle and in the post-independence progress and development. Maharashtra also played the historic role of providing leadership to the freedom movement and making numerous sacrifices. "Now Maharashtra is leading other states in almost every field" the Prime Minister said.

Mr. Gandhi's address touched on a number of aspects of Congress policies and programmes, but the main thrust was on the country's unity, increased production and productivity, aimed at making India strong. "Our objective should be to anticipate what other nations will be doing tomorrow, so that we can do it today" he said.

In order to match our performance with that of others. "Each one of us has to be prepared for some sacrifice" he said, recalling India's glorious past and stressing the need to restore it. "Otherwise," he said, "the disparity between India and the more advanced countries will widen."

The Prime Minister reiterated the country's faith in non-alignment. "If freedom has to be meaningful, we should not submit to any foreign pressure" he added.

Mr. Gandhi also emphasised the importance of human resources development, as "mere economic progress without cultural and spiritual development has no meaning." He said the centenary session, just concluded, would mark the beginning of a new movement to build a strong India.

Stressing that independence did not mean we could rest on our oars, he said it was our duty to hand over a better India to future generations.

Commending the country's technologists for harnessing atomic power for

peaceful purposes, for ushering in the green revolution and other achievements, he said the country could not make progress by the mere "perspiration of a few." Everyone must contribute his or her mite.

He felt the problem of discipline would have to be overcome, work efficiency raised and production boosted. At the same time, socialism should be strengthened and new avenues explored for distributing wealth equitably, he added.

Referring to the state of the armed forces, Mr. Gandhi emphasised that no effort would be spared to ensure border security. However, India always spoke up for peace, because without peace there could be no development, he said.

Economic progress, the Prime Minister cautioned, should not be at the cost of one's cultural heritage and ancient values. Regional culture should be strengthened and developed, he said.

Winding up his speech, Mr. Gandhi reminded the crowd that he had a long association with Bombay — having been born in the metropolis — and hoped that it would be strengthened.

Mr. Murli Deora, MP and general secretary of the reception committee, welcomed Mr. Gandhi and Mr. Shivajirao Patil-Nilangekar, the chief minister of Maharashtra, made a brief speech. The MPCC president, Ms. Prabha Rau, proposed a vote of thanks.

Also present on the flower-bedecked dais was the Union home minister, Mr. S. B. Chavan. More than 10,000 police personnel were on bandobust duty and ensured that the proceedings went off without any incident.

CPSU Greetings

Calcutta THE TELEGRAPH in English 4 Jan 86 p 1

[Text]

Calcutta, Jan. 3: The Communist Party of the Soviet Union (CPSU) has sent a congratulatory message to the national council of the CPI on the occasion of the 60th anniversary of the party, which was observed

on December 25. The CPSU, however, did not send any message to the CPI(M) on the occasion of its 12th party Congress that had begun the same day. The CPI(M) had specially sought the CPSU's greetings for the event.

"The CPI," the message read, "makes a great contribution to developing and strengthening Indo-Soviet relations, which rely on the firm foundation of the Treaty of Peace, Friendship and Cooperation between the USSR and India. The time-tested friendship between our countries meet the vital interests of the Soviet and Indian people and consolidate the cause of peace and security in Asia and all over the world."

According to the CPSU, "in the present-day complicated international situation, the Communists, front-rank fighters for the people's interests, bear special responsibility for the fate of the world." It appreciated "the vigorous actions by the Communist Party of India for peace and against the nuclear war menace."

The CPSU also believed that

"the people in any part of the world have the sovereign right to follow their own path, the right to choose their friends and allies and the right to independent, free development."

Referring to the question of war and peace, the message said: "The Soviet Union proceeds from the premise that there are no, nor can there be any, sensible alternative to peaceful coexistence between states with different social systems in the nuclear age. This fundamentally important provision was confirmed at the Geneva meeting between the Soviet and American leaders who stated that a nuclear war cannot be won and must never be fought."

"The prevention of war," the CPSU said, "meets the aspirations of the people of the entire world who resolutely demand

that the arms race be stopped and barred from outer space and the threat of a nuclear holocaust, looming large over the world be averted." The CPSU believed that "mankind's major task of preserving peace on earth can be achieved through concerted efforts by all peace-loving forces which are capable of thwarting the dangerous designs of the most aggressive circles of imperialism by their joint actions."

The CPI(M)'s failure to evoke any warm response from the CPSU at the time of the 12th party congress caused considerable embarrassment to the party leadership. Despite the CPI(M) leaders' plea that it was up to the CPSU to send its greetings, there was marked dismay in the party circles particularly in view of the recent overtures on the part of the CPI(M) to establish a closer rapport with the CPSU.

#### Distance Between Gandhi and Party

Bombay THE TIMES OF INDIA in English 31 Dec 85 p 8

[Editorial]

[Text]

The Congress centenary celebrations in Bombay will long be remembered as an extravaganza that failed to come off. This speaks rather poorly of the managers who are in command. Regular politicians too could have made a hash of it. But they might have had the good sense to plan the event on a more modest and practical scale. Major political events in India have always borne a resemblance with the traditional fair. But every *mela* is not a *Kumbh mela*. And certainly one does not plan for a *Kumbh mela* in the busiest part of the country's most crowded city. There was no dearth of warnings. Any number of public-spirited Bombayites had expressed concern that the celebration on the planned scale would disrupt the city's already over-strained services. This was mercifully avoided. Instead, the worst sufferers were the poorer Congressmen among the delegates who had been herded into the city. In any case, whoever worried about what the poor delegates felt and thought? They were pushed around by over-nervous policemen who have got used to treating everyone as a potential murderer when the Prime Minister is around. If the idea was to convince them that they were still part of a great movement and a party which cared for them, it could not have been achieved. Individuals who are somebodies in their own limited environment were reduced to a herd in the unfamiliar and indeed strange environment of South Bombay where even their dress marked them out. It is a safe bet that they have not gone back home inspired. No one expected serious deliberations

on the occasion and none were in evidence. And the event was not even a grand carnival.

If the celebrations were notable for lack of a clearly defined purpose and organisation, they were equally notable for the atmosphere of moral rearmament that Mr. Rajiv Gandhi sought to import into them. He spoke with the zeal and urgency of a crusader as if the fate of Sodom and Gomorrah awaited India unless someone rescued it in time. Mr. Rajiv Gandhi is new to the management of the country's affairs and he is a young man in a hurry. Both showed in his speeches, especially in his inaugural address last Friday when he lambasted everyone in sight or out of sight. That kind of stuff makes good copy and good headlines for newspapers but it cannot serve as a sensible blueprint for action. There is much that is wrong in India just as a lot is wrong in other countries. But essentially the so-called moral crisis is an expression of India on the march. Economic development is by definition not a moral activity in the sense we understand morality in this country. It arouses and caters to instincts which we in India have regarded as low and even base. Social change too does not usher in the era of righteousness even if it allows ample scope for self-righteousness. It disrupts hierarchies and the value arrangements the *status quo* embodies. Then we have the offshoots of the permit-quota raj which has passed for socialism in our backwardness. This is not to suggest that there is room for complacency. There isn't. But as we have said in these columns earlier, what we need is a surgeon's knife and not a butcher's axe. India is an ancient civilisation; a drastic treatment can maim it; it cannot renew it. India is also a democracy which by definition does not admit of crusades and crusaders. It is not an accident that the Congress has survived all the vicissitudes of the past 100 years, especially the past 38 years of independence. No other party has fared as well though their leaders have invariably displayed "I am honest" badges. India is not waiting for a Cromwell.

It is immature to discuss political developments outside the context of their social and economic background. This is as true of the "cult of personality" phenomenon as of anything else. It is a fact of our history that we are critically dependent for our well-being on the availability of a towering leader in both the secular and the religious sphere. We cannot suddenly overcome this reality just because we have come to call ourselves a democracy. But towering personalities can behave differently. Mahatma Gandhi built the Congress organisation; Jawaharlal Nehru kept it going even if he could not reinvigorate it for reasons beyond his control; Mrs. Indira Gandhi neglected it perhaps because she was besieged almost all the time. The result is there for anyone to see. If one was to single out one cause for concern in India today, it is the sorry state of the Congress organisation. Mr. Rajiv Gandhi should attend to this task on a priority basis. That is not possible if the distance between him and the party remains as large as we witnessed in Bombay. His security is a vital national interest. But the security arrangements appear only to add to the distance which exists independently of them.



INDIA

PAPER REPORTS COMPOSITION OF NEW ASSAM CABINET

Bombay THE TIMES OF INDIA in English 25 Dec 85 p 1

[Text]

GUWAHATI,  
December 24 (UNI & PTI).

THE Asom Gana Parishad (AGP) ministry formally assumed office at a momentous Christmas-eve swearing-in ceremony and pledged to implement the Assam accord with a reassurance to the minorities in the state that their interests would be protected.

The chief minister and AGP president-in-chief, Mr. Prafulla Kumar Mahanta, told an audience of 200,000 people here that his government would follow the country's secular policy.

"Ours is a regional party with a national outlook," Mr. Mahanta declared while addressing the gathering at the sun-baked Nehru football grounds, where the oath-taking ceremony was held.

The hour-long ceremony which began at 9.30 a.m. was punctuated by frequent applause from the crowd which had waited patiently for three

hours to watch the ushering-in of the new-look ministry, composed mainly of students fresh from the university.

The public meeting began with the Telugu Desam leader, Mr. P. Upendra, reading out a congratulatory message from the Andhra Pradesh chief minister, Mr. N. T. Rama Rao.

The ministers took the oaths in Assamese from a flower bedecked platform specially built for the occasion.

Mr. Mahanta was followed by Mr. Phukan, who will also look after the excise portfolio, Mr. Lalit Rajkhowa

(food and transport), Mr. Aiul Bora (public works), Mr. Bharat Narah (irrigation and tribal welfare), Mr. Digen Bora (industry and power), Mr. Surendra Nath Medhi (law), Mr. Nagen Sarma (veterinary and animal husbandry), Mr. Barki Prasad Telanga (labour), Mr. Sahidul Alam Choudhury (municipal administration), Mr. Chandra Arandhara (panchayat) and Mr. Nilamani Das (agriculture and fisheries), all of them of cabinet rank.

The seven ministers of state were administered the oath collectively.

Mr. Mahanta himself will hold charge of the newly-created department of Assam accord implementation besides finance, health, general administration, employees and sports and forests.

Mr. Mahanta said his ministers and legislators would not attend any public reception for one month and busy themselves with official work.

The home minister, Mr. Bhriku Kumar Phukan, the AGP general secretary-in-chief said his would be a people's government and reiterated the party's commitment to provide a strong, stable and clean administration.

In its first decision, the Assam government today ordered the withdrawal of all "repressive" measures allegedly imposed by the previous government.

The new cabinet also decided to rehabilitate the families which lost their members in the wake of the six-year agitation over the aliens issue.

Four killed: Four persons were killed and 80 others injured in post-election clashes between supporters of various parties in different parts of Assam.

Violence claimed two lives in Sonitpur district and one each in Barpeta and Jorhat districts.

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CSO: 4600/1322

INDIA

RAJIV REPORTEDLY TO EMPHASIZE DOMESTIC POLICY

Madras THE HINDU in English 30 Dec 85 p 1

[Article by G.K. Reddy]

[Text] New Delhi, Dec 29--The Prime Minister, Mr Rajiv Gandhi, is taking a week off from tomorrow to spend a quiet holiday with his family at a game sanctuary, pondering over the performance of his Government in its first year and reviewing his priorities for the second year in terms of the determined action he has promised in several areas in his address to the Congress centenary session.

The only other person who will be with him on his trip is his close confidant, Mr Arun Singh, Minister of State for Defence, who is privy to his thoughts on many issues of importance concerning the functioning of the party and the Government.

It was on the New Year eve 12 months ago that Mr Rajiv Gandhi formed his present Government after his unprecedented victory in the parliamentary elections at one of the most critical moments in the country's history in the wake of Indira Gandhi's assassination. In this difficult year of transition, he has no doubt succeeded in creating a reassuring feeling of consolidation by projecting himself as a well-meaning and modern-minded leader from the hangovers of the past.

Growing experience and stature: The young Prime Minister has certainly grown in stature and experience in this one year with many notable achievements to his credit although it has not been easy to keep pace with the high expectations aroused by him. His advisers have begun noticing some undercurrents of public impatience with the tardy performance of the Government in many key areas of national life despite his continued popularity with the people.

It is to prevent the transformation of this dissatisfaction into disillusionment that Mr Rajiv Gandhi and his advisers have decided to embark on a bold programme of determined action on the home front during 1986 to clear many cobwebs in the country's life. The New Year will be marked by a gradual shift of the focus from excessive preoccupation with foreign affairs to more important domestic issues which have been clearly marked out in his hard-hitting speech at the Congress centenary session.

**Postponing foreign visits:** The Prime Minister has decided to cut down his foreign trips to the minimum during 1986 to give his undivided attention to the domestic issues. Consequently, his visit to Australia and New Zealand in February is being put off for the present and so also, his projected tour next summer of many Latin American states.

It remains to be seen how far Mr Rajiv Gandhi will go in his promised crusade for clean politics and greater integrity in public life, administrative efficiency and dedication to the welfare of the people against the evils of tax evasion and corruption, the ostentatious and vulgar life-styles of the new political elite and the allround decline in moral standards and public values about which he spoke so indignantly in his address to the Centenary session.

His admirers and critics alike, however, would like to see him combine this campaign against these political and social evils with positive action to reform the educational system, generate more employment and carry forward the policy of economic liberalisation to benefit the poor without letting the rich become richer by exploiting them.

**Big business-politician nexus:** The existence of a nexus between the big business and the politicians in power about which Mr Rajiv Gandhi spoke has not come as a startling discovery, but only as a public admission for the first time by a Prime Minister of how deep this malignancy has spread, threatening the very fabric of Indian life. But he has at least spoken courageously against this abounding disgrace with a firm pledge to do everything to break this connection after all the tremendous damage that has been done during the last two or three decades.

The week that he is hoping to spend quietly in the sanctuary will be one of introspection for the Prime Minister, who is not unaware of the hazards of attempting quick solutions to complex problems of this nature with populist actions. But in charting out his course of action he can count on the goodwill of the people who continue to repose tremendous faith in him.

**Need for integrated approach:** What is reassuring is that he appears to have learnt the hard way during his first year in office the need for an integrated approach to political consolidation, economic development, social change and eradication of the evils of corruption, which cannot be tackled compartmentally, to achieve the desired results. It is not possible to make a lasting impact by seeking instant solutions to individual problems except in the context of an all-round effort to usher in a new era of moral regeneration for improving the quality of Indian life.

#### A Quiet Holiday

UNI reports from Bombay:

The Prime Minister, Mr Rajiv Gandhi, who leaves Bombay tomorrow for a six-day holiday in the tiger sanctuary in Sawai Mdahopur district of Rajasthan, will stay in Jogi Mahal where there is no electricity.

Jogi Mahal, which is built within the sprawling 400-square km radius in the Ranthambore sanctuary, has several brass lamps which are now being polished for the occasion. Electricity is not being supplied for Mr Gandhi's stay in the place in order not to disturb the traditional lighting arrangements.

Mr Gandhi, accompanied by Mrs Sonia Gandhi, their children, Priyanka and Rahul and some close friends, will leave by a special IAF aircraft after commissioning the Navy's latest warship, INS Ganga, tomorrow at the Mazagon Dock.

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CSO: 4600/1325

INDIA

GANDHI'S INTENTIONS BEHIND CABINET CHANGES STUDIED

Madras THE HINDU in English 4 Jan 86 p 1

[Article by G.K. Reddy]

[Text]

NEW DELHI, Jan. 3.

A marginal expansion of the Cabinet involving an addition of about half a dozen new Ministers, mostly at the lower levels, is expected before the commencement of the budget session of Parliament next month.

The intention is not to drop any of the existing Ministers—except perhaps one or two who are being considered for other assignments—but induct a few new faces from States that are either unrepresented or under-represented at present.

Despite its massive majority in the present Lok Sabha, the Congress (I) would like to avoid by-elections as far as possible. So the Prime Minister, Mr. Rajiv Gandhi, has been rather reluctant to offer ambassadorial appointments, governorships or other assignments to any of the sitting members of the Lok Sabha leading to by-elections. But he might waive this consideration in the case of one or two who have fallen far short of his expectations.

### Representation for Punjab, Assam

Mr. Gandhi himself indicated a couple of months back that he proposed to include some from Punjab and Assam which have hitherto gone unrepresented in the Central Cabinet, since no elections were held there when the rest of the country went to the polls at the end of 1984 to elect a new Parliament. But now that the Assembly and Parliamentary elections have been completed in these two States, there is no justification at all for denying them their due representation.

He is also trying to redress the grievance of some of his party colleagues from States like Andhra Pradesh and Karnataka, where the Congress (I) was routed in the last parliamentary elections, that they remain grossly under-represented at the Centre. He has evidently taken note of the argument that, despite the reversal suffered by the ruling party in the last elections, these are traditionally Congress (I) States which should not be written off as irrevocably lost like Tamil Nadu where the interaction of local politics is totally different.

The Congress (I) leaders from Andhra Pradesh and Karnataka who feel orphaned in the power-oriented environment of present-day party politics are hoping fervently that Mr. Rajiv Gandhi would not continue to ignore their pleas to restore at least a part of their lost prestige by increasing their representation at the Centre. These Congress (I) stalwarts who are not used to the humiliating ordeals of defeat and demoralisation feel that without the stimulus of power they would not be able to face the formidable challenges of the new regional influences in their States.

### Difficult task

It is quite possible that the Prime Minister will heed these entreaties and provide better representation to these two Southern States in his Cabinet. But it is highly unlikely that he would do so because he has allowed himself to be swayed by this laboured theory that the faction-ridden Congress (I) outfits in Andhra Pra-

desb and Karnataka can make a bold bid to retrieve the lost ground only through an effective share of power and enhanced leverage at the Centre.

In a big country like India, it is not always possible to avoid certain imbalances in regional representation at the Centre even at the best of times. It becomes doubly difficult when the party in power has swept the polls in several States and been routed completely in some for whatever reason. But at the same time no Prime Minister can ignore the legitimate demands of different States for better representation without running the risk of further reversals in the wake of such regional setbacks in parliamentary elections.

According to some highly placed Congress (I) sources, the question of better regional representation at the Centre will be reflected largely by the extent to which the young Prime Minister is prepared to go logically in restoring inner party democracy within the Congress (I) in the course of his well-meaning attempts to reorganise it. This in turn will depend on the steps he proposes to take at various levels of the Government including the Cabinet itself to implement his centenary pledges which have raised larger issues of probity in public life.

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CSO: 4600/1343

INDIA

# CPI LEADER SCORES RAJIV'S CENTENNIAL ADDRESS

Calcutta THE TELEGRAPH in English 31 Dec 85 p 7

[Text]

New Delhi, Dec. 30: Mr C. Rajeswara Rao, CPI general secretary, said here today that the attack on opposition parties in Congress(I) president, Mr Rajiv Gandhi's address to the centenary celebrations in Bombay was "intemperate and deplorable."

In a statement, the CPI leader said Mr Gandhi had also made "wholesale, indiscriminate and unjust charges against others like the working class."

Mr Rao said, "All this arise out of his own frustration with the state of affairs inside his party and its failure to tackle the serious ills afflicting the country."

Such an approach would not solve the country's problems but would also harm the possibility of arriving at a consensus on important issues like unity of all secular, patriotic and peace-loving forces.

The CPI general secretary said if the Prime Minister wanted to

set things right, he should work for radical changes in the present socio-economic set-up, rather than attempting to put the blame on the left and other democratic parties, on workers, employees and other sections of the working class.

Corruption, nepotism, lawlessness and other ills from which the country suffered were the result of the crisis-ridden capitalist set-up over which the Congress had been presiding ever since Independence, barring a short period.

Mr Rao said Mr Gandhi's retrograde economic policies of giving concessions to monopolists and heavy burdens on the people would not only intensify unemployment, poverty and inflation but would also undermine the country's economic self-reliance. It would give a handle to the imperialists to intensify their blackmail against India, he said.

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CSO: 4600/1348

INDIA

## ACCORD FOCAL POINT OF PUNJAB PARTY POLITICS

Bombay THE TIMES OF INDIA in English 3 Jan 86 p 21

[Text]

CHANDIGARH, January 2  
THE focal point of party politics in Punjab now is the issue the implementation of the Punjab accord.

While the Akali Dal (L) and the Congress have often reiterated their resolve to work for a smooth implementation of the accord, allegations of attempts to stall, or even sabotage, the accord have been levelled against sections of both the parties.

Although the Akali government has stressed repeatedly the need for implementing the accord in letter and spirit, there is a growing feeling in many quarters that the Punjab chief minister, Mr. Surjit Singh Barnala, has so far failed to cope with the agitation by the Bharatiya Kisan Union for a new alignment of the Satluj-Yamuna link canal (SYL).

### CANAL DEADLINE

Under the accord, Punjab is required to complete construction of the canal by mid-August this year. The government may not be able to meet the deadline. If the agitation, which also has the support of a section of the Akali Dal (L), is allowed to continue.

The reported threat by the AISSF faction led by Mr. Harinder Singh Kahlon to block any move by the government to resume work on the construction of the SYL canal has further complicated the situation.

Apparently, the move against the SYL canal project has found favour in some other quarters as well. A press statement issued on behalf of the Chandigarh-based organisation, called the Council of Sikh Affairs (CSA),

yesterday said the council considered the construction of the SYL canal "detrimental" to the interests of Punjab.

In view of the prevailing uncertainty over the construction of the SYL canal and also about some other aspects of the Punjab accord, such as the prospects of Chandigarh being transferred to Punjab on January 26, a statement made by the leader of the Punjab Congress legislature party, Mrs. Gurbinder Kaur Brar, is significant.

Urging the Punjab government to implement the accord "in toto", Mrs. Brar said all terms of the accord should be implemented "sincerely and honestly" so that peace could be restored in the troubled state.

"The onus (of restoring peace) lies with the Punjab government and it is my sincere request to it to see that there is no delay in the implementation of the accord," said Mrs. Brar.

The Akali Dal (L) on its part, has on more than one occasion, accused elements in the Congress of attempts to sabotage the accord.

The Punjab finance minister and No. 2 in the Barnala cabinet, Mr. Balwant Singh, in the context of the controversy over the terms of reference of the Mathew commission, has said some elements in the Congress and the bureaucracy want to embarrass the Prime Minister, Mr. Rajiv Gandhi, and sabotage the accord signed by him.

The accord had resulted in conflicting interests for the state-level units of the BJP in Punjab and Haryana.

Among the issues expected to figure in the BJP's national executive, scheduled to meet here from Friday, is the



one pertaining to reconciliation of the stand taken by the Haryana unit of the BJP on the Punjab accord with that of the party's stand at the national level.

#### CONFLICT DENIED

A party spokesman and member of the BJP national executive, Mr. J. P. Mathur, said that he did not see any conflict in respect of the stand taken by the BJP at the national level and at the state level in Haryana.

Mr. Mathur said the party wanted that the Punjab accord should be implemented smoothly. He said the party units in Punjab and Haryana were free to express their opinions on issues affecting the interests of their respective states.

The party's national executive would be briefed on the Punjab situation by the state-level BJP leaders. The BJP spokesman said Punjab was "as disturbed" as it had been earlier. It was for the Akali government to suppress terrorism. He felt that the state government did not appear to have

taken even primary steps in this regard.

The BJP spokesman said his party believed that regional parties could not be considered to pose threats to the country's unity unless any of these parties proved to be anti-national.

The three-day meeting of the BJP's national executive, with the party president, Mr. A. B. Vajpayee, in the chair, will review the recent mid-term elections held in Assam, the situation caused by the supreme court judgment in the Shah Bano case and the recent fiscal and industrial policy statements of the Centre.

The BJP hoped that the new government in Assam would halt illegal immigration from Bangladesh and also settle the issue of unlawful settlers in Assam.

Mr. Mathur said the national executive would chalk out a programme for the party's presidential election, to be held before the next national convention of the party in April in New Delhi.

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CSO: 4600/1337

INDIA

REPORT ON MEETING OF BJP NATIONAL EXECUTIVE

Bombay THE TIMES OF INDIA in English 5 Jan 86 p 9

[Text] Chandigarh, January 4 (PTI)--The national executive of the Bhartiya Janata Party (BJP) today condemned the "virulent campaign" launched against the supreme court by the Muslim League and the Jamaat-i-Islami following the judgment in the Shah Bano case.

The executive on the second day of its three-day meeting here in a resolution described the judgment as "pre-eminently just and sensible."

Releasing the resolution, the vice-president of the party, Mr Ram Jethmalani told newsmen that one executive member, Mr Arif Beg, who is also a secretary, had reservations mainly on the wisdom of the passing of the resolution by a political party.

Mr Jethmalani said the other Muslim member in the national executive, Mr Sikander Bakht was not present at the meeting. All other members supported the resolution, he added.

The executive failed to finalise its resolution on other issues, including the Punjab problem, the education policy and the new fiscal policy.

Punjab Problem

A party spokesman said the executive, which commenced discussion on the Punjab problem yesterday, was still continuing its discussions on it.

Party sources, however, said members from Haryana and Punjab had given different viewpoints favourable to their respective states.

While the Haryana members were understood to have pointed out the injustice being done to the state as per the accord, the Punjab members had stressed the implementation of the accord.

Mr Jethmalani said that as far as the Shah Bano case was concerned, the executive regretted that the Prime Minister, Mr Rajiv Gandhi, succumbed to "unprincipled pressures" and allowed two of his ministers to criticise the supreme court judgment on the floor of Parliament.

He said the view of Muslim organisations that the Shariat cannot be interpreted by the supreme court was not acceptable. The party rejected the Muslim League view that the judgment was an interference in the religious affairs of the Muslims.

#### "Retrograde Move"

The resolution said the proposed amendment of section 125 of the Cr.P.C., under which Shah Bano secured relief, was a "retrograde and anti-woman move" amounting to a surrender to "obscurantism and bigotry."

The BJP demanded the amendment proposal be abandoned forthwith since it went counter to the spirit of the Indian constitution one of whose directive principles required the state to move towards a uniform civil code.

The BJP said the judges who gave the judgment in the Shah Bano case deserved encomiums and the acclaim of all right-thinking people, whatever religion they professed.

The resolution said the national executive felt shocked that the Union minister, Mr Z.R. Ansari, should have on the floor of Parliament denounced not only the judgment but even the judges who gave the verdict. "The tone and tenor of his speech was highly objectionable," it added.

The national executive deplored the conduct of those who organised a procession in Bombay in which slogans of "Supreme court murdabad" were reportedly raised and the effigy of a former chief justice, Mr Y.V. Chaudhary, burnt. "If the rule of law is to be maintained, the offenders must be prosecuted and punished," it said.

Amendment Sought (PTI from Calcutta): Mr Syed Shahabuddin, Janata Party MP, today stressed the need for a suitable amendment to section 125 of the Cr.P.C. to assuage the ruffled sentiments of the "devout" Muslims.

Talking to newsmen in Calcutta, Mr Shahabuddin said the amended version should categorically mention about cessation of the husband's responsibility after a certain period once the partners decided to break away. The question of maintenance should then pass on to the "nearest living blood relation" of the divorced woman.

Mr Shahabuddin said he had suggested to the Prime Minister that two changes could be incorporated into the amended version.

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CSO: 4600/1347

INDIA

'INFORMAL MEETING' OF NON-CONGRESS PARTIES HELD

Bombay THE TIMES OF INDIA in English 5 Jan 86 p 1

[Text] Hyderabad, January 4--An "informal meeting" of non-Congress parties convened here today by the Andhra Pradesh chief minister, Mr N.T. Rama Rao, unanimously decided to "forge a suitable forum for discussions and action on various problems and issues confronting the states and the nation."

Among the 13 parties that gathered for the meeting were two chief ministers, Mr Surjit Singh Barnala (Punjab-Akali Dal) and Mr Ramakrishna Hegde (Karnataka-Janata).

The two communist parties were not represented though Mr C. Rajeswara Rao and Mr M. Basavapunniah sent greetings.

The grand idea of a "Bharat Desam party" as the national alternative to the "monolithic" Congress mooted at the Vijayawada opposition conclave in 1983, appeared to have proved a damp squib.

The "forum" idea would be given a shape, name and headquarters at a future date to be decided upon by the participants.

A more immediate outcome of the meeting was its decision "to co-ordinate the efforts, both inside the legislatures and outside."

At the briefing that followed the four-hour talks at the chief minister's residence, Mr P. Upendra, Telugu Desam's parliamentary party leader, noted that a co-ordination committee already existed on the floors of parliament. All opposition parties, barring the All-India DMK were its members.

Mr Rama Rao said later, "The forum is not a confrontation with the Centre. We are only fighting for our rights and national integrity."

A prepared statement said the decisions were taken "in the context of the current situation in the country and in order to safeguard the nation's unity and integrity."

The opposition leaders criticised the launching of "an intemperate and irresponsible attack on non-Congress parties, specially the regional parties, dubbing them as anti-national at the Bombay Congress centenary celebrations which should have been observed as a national event."

The statement, which was signed by the 13 parties, said, "The dubbing of the democratic aspirations of the people of several states as anti-national in itself is a gross anti-national act and in no way serves the cause of national unity. Patriotism is not the monopoly of any particular state."

The leaders affirmed the decisions of the opposition conclaves in Vijayawada, Calcutta and Srinagar regarding restructuring of the constitution, to give more powers to states. They called upon the Centre to fix a time-limit for the Sarkaria commission to submit its report.

Among other things, the statement called for a decentralisation of Doordarshan and All India Radio and provision of a separate channel to states. This would enable them "to properly give expression to their heritage and developmental activities in tune with the democratic spirit."

The meeting criticised the "tardy implementation" of the Punjab accord.

It also asked the Centre to give all help to the Asom Gana Parishad government for the early implementation of the Assam accord.

The leaders demanded an immediate dismissal of the "defectors' government" headed by Mr G.M. Shah in Kashmir, the dissolution of that state assembly and early elections for restoration of democracy there.

They asked the Union government to give up its "ambivalent attitude" towards the ethnic problem in Sri Lanka and to take all measures to ensure justice to the Sri Lankan Tamils.

The closed-door talks continued till the leaders left to join the fag-end of a 12-km-long TDP organised procession.

The twin cities appeared to have been robed in yellow here today as 2.5 lakh cadres of the Telugu Desam Party (TDP) staged a disciplined march from Gosha Mahal in Hyderabad to the Gymkhana grounds in Secunderabad.

Men in yellow shirts and women in yellow sarees marched in phalanx, nine abreast in separate squads, representing the 27 party districts, beginning with Srikakulam and ending with Hyderabad city.

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CSO: 4600/1344

INDIA

## FINANCE MINISTER PRESENTS LONG TERM FISCAL POLICY

### Summary of Policy

Bombay THE TIMES OF INDIA in English 20 Dec 85 p 1

[Text]

NEW DELHI, Dec. 19.

**P**ROPOSALS to simplify and rationalise direct tax laws, implement a modified VAT (value added tax) in the excise structure and merge various excise duties into a single basic rate are some of the main highlights of the much-awaited long-term fiscal policy presented in Parliament by the finance minister, Mr. V. P. Singh, today.

The 44-page statement which Mr. Singh laid on the table of both houses of Parliament says that a draft bill to simplify the direct tax laws would be ready by June 1986.

The changes will ensure that honest tax-payers are given maximum assistance by the tax authorities and the forms and procedures are simple and understandable.

The government expects that the proposed changes in the direct and indirect taxes would contribute to stability and remove uncertainties in the minds of tax-payers regarding the future direction of policy.

The policy makes it clear that the government will keep the present rate schedules for taxes on personal income and wealth unchanged for a minimum period five years. However, the impact of inflation on effective rates of taxation will be reviewed once every two or three years and adjustments made accordingly in the tax brackets.

A new instrument to be designated as the national deposit scheme (new series) in place of the present national deposit scheme will be introduced to provide more incentives for saving.

The policy says that under the scheme the tax concession will be related to net saving, and thus it "will be moving some way towards the expenditure tax." A committee has already been set up for examining the feasibility of moving further towards an expenditure tax.

On the corporate tax front, the policy declares that the present level will be retained and will not be reduced. However, companies will be allowed to deduct up to 20 per cent of their profits from their taxable income provided the amounts are deposited with the IDBI and other institutions the government may notify. These deposits would earn an interest of 10 per cent.

The new scheme will come into effect from the assessment year 1987-88. The investment allowance is proposed to be withdrawn from April 1, 1987, and the surcharge and surtax will be abolished from the assessment year beginning April 1, 1987.

The policy also announces the government's intention to review other incentive provisions to companies in the Income Tax Act and withdraw those which have outlived their utility. Following the withdrawal of the investment allowance, the minimum tax provision embodied in section 80VVA of the Income Tax Act will be abolished.

Gift tax will continue to be levied, but the government will review the provisions in order to rationalise them. The exemption level may be enhanced by taking into consideration the effect of increase in prices since the present exemption limit was fixed.

An in-depth review of the capital gains tax will be undertaken but, mean-

while, some measures will be taken to rationalise the scheme of capital gains tax. The government proposes to advance the date for revaluation of assets for computation of the tax to April 1, 1974. The rates of tax are also to be narrowed down to only two — 50 per cent for capital gains from real estate and 60 per cent from other assets. Investments in the IDBI and HUDCO bonds will be exempted from the capital gains tax.

A major reform of the excise structure is the proposal to implement a modified VAT (MODVAT). The present provisions for set-offs for excise and countervailing duties paid on inputs will be greatly expanded to bring them close to a generalised system of set-offs for taxation of inputs as is administratively feasible.

This programme will be implemented in a phased manner. The loss of revenue through lower duty on inputs will be recouped through higher taxation of final products, if necessary.

The government also proposes to merge various excise duties into a single basic rate (except additional excise duties in lieu of sales tax) and retain only the cesses as separate levies earmarked for specific purposes. The number of cesses will also be reduced to a minimum.

#### CUSTOMS TARIFF

The policy document says that the revised nomenclature for the Central excise tariff being introduced by the government will be broadly in conformity with the harmonised system of classification being adopted for the customs tariff.

One consequence of this rationalisation is that the commodities falling in the residuary item 68 of the excise tariff are being clubbed along with other commodities in appropriate sections.

The government will reform the present scheme of excise concessions to small-scale producers, and simplify the present drawback scheme drastically by operating the scheme on the basis of industry rates.

With a view to reducing excise arrears due to litigation, the government proposes to establish an appellate tribunal to deal with all matters con-

cerned with payments of customs and excise duties.

The basic thrust of customs tariff reform is to shift in a phased manner from quantitative restrictions to qualitative restrictions by increasing reliance on tariffs to regular imports. With this end in view, the government proposes to rationalise the tariff structure on the following lines in a phased manner:

Firstly, there will be a two-tier structure of customs duties for raw materials and components. Thus, if the basic duty rates on components is set at X per cent, that on raw materials will be generally a somewhat lower Y per cent.

Secondly, for certain "universal intermediates," used in a large number of industries, the objective will be to move towards a rate of duty even lower than Y per cent as part of a package to lower to the cost of essential indigenous intermediates to Indian industries.

Thirdly, capital goods which subject to quantitative restrictions will be taxed at the same rate as raw materials, that is, at Y per cent, but capital goods which compete with domestic industries will be allowed to be freely imported only on payment of duty at X per cent.

The policy document says that the new structure will be introduced over a period of time after industry-wise examination, but some industries will be brought within the structure in the next year's budget.

Fourthly, project imports will continue to constitute a separate category subject to duty at a lower rate. The categories of project imports will be progressively reduced.

Fifthly, tariffs for essential consumer goods such as food, edible oils and life-saving drugs will continue to be low or nil with the volume of imports regulated through canalisation procedures.

And lastly, the policy declares that imports of non-essential consumer goods will continue to be banned.

Explaining the need for fiscal reform, the policy document says that the reform should ensure that revenues go

up automatically and commensurately as incomes and prices rise. It should also aim at securing better compliance and providing convenience to taxpayers while improving the equity of the tax system, and serving the plan objectives.

"All this cannot be achieved at one stroke. Hence the process of reform has to be phased over a number of years and will have to go beyond the seventh plan. However, the process must begin now," the policy document asserts.

UNI & PTI add:

The government shall keep the present tax structure relating to non-resident Indian (NRI) investments in the country stable for a period of five years.

The fiscal policy document said the income-tax department shall take special care to ensure that tax returns of non-resident Indians are assessed quickly and fairly and that as far as feasible, returns are accepted on a self-assessment basis.

The income-tax department has decided on a comprehensive strategy, including speedy trial of economic offences by special courts, to effectively tackle the tax evasion problem.

The steps include acceptance, in general, of returns in all cases, except companies and trusts, showing returned income of not more than Rs. 1 lakh (Rs. 25,000 in case of companies) and a thorough scrutiny of a specified random sample of accepted returns.

Weaknesses in the law which hindered effective prosecution of tax evaders would be removed through incorporation of certain provisions in the direct tax law similar to those which already existed in the Customs Act and Gold Control Act.

The government plans to set up a venture capital fund (VCF) with an initial capital of Rs. ten crores to provide incentives for the commercial applications of indigenously developed technology.

The fund will be used for giving equity capital for pilot plants attempting commercial applications of indigenous technology and to adapt imported technology to wider domestic applications.

The fund would be administered by the Industrial Development Bank of India.

## Partial Text of Announcement

Madras THE HINDU in English 20 Dec 85 pp 6, 7

[Text]

NEW DELHI, Dec. 19.

The following is the text of the long term fiscal policy announced in Parliament today by the Union Finance Minister Mr. V. P. Singh.

1.1 In the budget speech for 1985-86, a commitment was given to move towards a long-term fiscal policy co-terminous with the plan:

"The formulation of a budget is an annual exercise, but, to be meaningful, it has to be set in a longer time frame. Our fiscal system has served us well. However, over the years, objective conditions have changed calling for new responses. I am quite aware that it is not possible to usher in all the changes at one stroke, yet we have to initiate a process of reform which can be completed in a phased manner in a time-bound frame. We will be moving towards the formulation of a long-term fiscal policy co-terminous with the plan." This paper is in response to that commitment.

### Tough time

1.2 The first half of the present decade has been a difficult period for the world economy, in general, and the developing countries in particular. The second, and massive, oil price hike at the beginning of the decade, the prolonged recession in industrialised countries, the growing protectionism displayed by these countries and the deterioration in the climate for foreign aid have imposed severe penalties on the progress of developing countries in terms of slower growth, painful economic adjustments and mounting problems of external debt.

That India has maintained her tempo of growth in such an unfavourable economic environment is a tribute to our strategy of planned development and its management, and to the basic resilience of our economy. But, with about two-fifths of our population living below the poverty line, there is no room for complacency. The imperatives of the future lie in strengthening the growth momentum of the economy and in harnessing the rapid advances in technology in the world so that we can effectively tackle the deep seated problems of poverty and unemployment in our country. In the words of Pandit Jawaharlal Nehru:

"Our immediate problem is to attack the appalling poverty and unemployment of India and to raise the standards of our people. That means vastly greater production which must be allied to juster and more equitable distribution, so that the increased wealth may spread out among the people."

### Generation of employment

1.3. The Seventh Plan has once again reaffirmed our essential aims. It states:

"The guiding principles of Indian planning are provided by the basic objectives of growth, modernisation, self-reliance and social justice."

The plan has articulated an ambitious agenda of programmes and policies to further the achievement of these objectives. In its words:

"The central element in the development strategy of the Seventh Plan is the generation of productive employment."

It is only through such an expansion of productivity and employment that we can hope to banish poverty and achieve our socialist goals.

1.4. The alleviation of poverty is at the centre of our plans. According to estimates based on the 38th round of the national sample survey, there was sizeable reduction in the proportion of population below the poverty line, from over 48 per cent in 1977-78 to about 37 per cent in 1984-85. The Seventh Plan aims at a further reduction of the poverty ratio to about 28 per cent in 1989-90.

The reduction is being brought about both by the growth of the economy, particularly in agriculture, and by the implementation of development programmes specially designed to improve the income-earning opportunities of the poor. In the coming years, the Centre's expenditure provisions will accord an even higher priority to programmes benefiting the poor, such as the Integrated Rural Development Programme, the National Rural Employment Programme and the Rural Landless Employment Guarantee Programme.

In addition to these existing programmes, the Government has recently launched important new initiatives relating to crop insurance and social security. It is also proposed to expand the scope of these schemes in the Seventh Plan period.

### More resources

1.5 The major contribution of fiscal policy to poverty alleviation has to come through an effective programme for mobilisation of additional resources, which can be used for financing the anti-poverty programmes, for improving the social and economic services on which the poor mainly rely and for financing the heavy investments in infrastructure, necessary for sustaining growth in agriculture and industry.

The anti-poverty programmes and social services have to be financed by the Government. Unless sufficient resources are available, an expansion of these programmes, to which Government is committed, is not feasible. Fiscal policy has to be so formulated that adequate resources are available to the Government for funding social expenditures which benefit the poor.

1.6 Another important way in which fiscal policy can contribute to the reduction of poverty is to encourage rapid economic growth and fast expansion of productive employment opportunities. Taxation has significant effects on savings and investment in the economy, on the allocation of resources between alternative sectors and uses and on the efficiency with which resources are utilised. We must ensure that the long-term fiscal policy creates an environment conducive to rapid growth in production and employment, so that the burden of poverty can be progressively reduced.

### Taxes and subsidies

1.7 Taxes and subsidies have direct consequences for the poor to the extent that they bear the burden of taxes or benefit from the subsidies. Our tax structure relies heavily on indirect taxes. This is not surprising, given our stage of development, low income levels of



the majority of the people and the scope for commodity taxes offered by the growth of industry and trade.

It has been our endeavour to make the incidence of the indirect tax system progressive, both through low tax rates on essential commodities and through subsidised distribution of foodgrains, edible oils and sugar through public distribution system. The long term fiscal policy must assist in this endeavour.

1.8 At the same time, an effort has to be made to increase the share of direct taxes in total tax revenue over time, so that the fiscal system as a whole becomes even more progressive. In pursuing this goal it should be emphasised that what matters is not the tax rates on paper, but the actual collections and their incidence. Where taxes are evaded by the better-off sections of society, the equity of the tax system is impaired. An important element of the long-term fiscal policy must, therefore, be to ensure that taxes as levied are fully collected and strong action is taken to curb evasion.

## Time for second look

1.9 Our present tax structure has evolved over many years in response to the felt needs and exigencies of the past. Short term requirements and administrative constraints have contributed to evolution of a complex tax system. The time is ripe for us to take a hard look at our structure of taxes and assess the directions in which we must move forward with reforms to further our basic objectives of growth and social justice.

In particular, policy must support the rapid expansion of productive employment in our economy. We must also ensure that tax reform does not lead to significant revenue loss, since the revenues are necessary to finance essential government expenditure in a non-inflationary way. Finally, having decided on the directions for reform, we must control the pace of implementation to take account of possible dislocations to the existing structure of production, which has evolved in response to past economic policies.

1.10 The Government attaches high priority to keeping inflation under firm control. In this task, fiscal policy can play a crucial role by restricting the monetary impact of the Government's financial operations. In particular, non-inflationary financing of the Plan will require progressively more reliance on surpluses generated by the budget and public sector undertakings and correspondingly diminished recourse to borrowed funds. This must be an essential component of the long-term fiscal policy.

## Principal benefits

1.11 Against the above background, we can identify the principal benefits that may be anticipated from a long-term perspective to fiscal policy. First, the long term fiscal policy will impart a definite direction and coherence to the sequence of annual budgets. Second, successful economic management of our complex economy demands a greater role for rule-based fiscal and financial policies and less reliance on discretionary case-by-case administration of physical controls. Such an evolution will be greatly assisted by the long-term fiscal policy.

1.12 Third, the growing maturity and complexity of our economy also calls for a much more integrated approach to economic policy and its management. Effective coordination of different dimensions of economic policy—fiscal policy, monetary policy, industrial policy and trade policy—will be facilitated by a long term perspective to policy making. The linkage between fiscal and monetary policy is particularly close as the Government's financing plans have a crucial bearing on the growth of money sup-

ply in the economy. Similarly, prudent monetary and credit policies are essential for sound fiscal management.

1.13 Fourth, the long term fiscal policy is intended to serve as an effective vehicle for strengthening the operational linkages between the fiscal and financial objectives of the Seventh Plan and the annual budgeting exercises to be conducted during the Plan period. The Seventh Plan lays down five-year totals as targets for public sector Plan expenditures and the sources of financing, including surpluses from current revenues, resources of public sector undertakings, additional resource mobilisation, various forms of domestic borrowing and net capital inflows from abroad. The long term fiscal policy will serve as a bridge between the five-year financial targets of the Seventh Plan and the annual budgets by providing an indicative, year-wise financial framework for fiscal policy.

## Outline of the paper

1.14 Chapter II of the paper analyses trends in the pattern of financing, the Central Government requirements for Plan resources and provides an indicative, year-wise phasing of the financing pattern of the Seventh Plan\*\*. In the process, the chapter highlights the areas requiring special effort. Chapter III provides a discussion of the principal policy issues involved in increasing the surpluses to be generated by the Central Budget and public sector undertakings. This is followed, in Chapter IV, by a discussion of the salient characteristics of the tax structure. The next two chapters indicate the proposed direction of policy changes with regard to direct and indirect taxes respectively.

\*\* The paper is confined to the tax expenditure policies of the Central Government. As regards the State Governments, the Eighth Finance Commission has already given its award after taking into account their non-Plan requirements and the Seventh Plan has indicated the total Plan assistance to be made available to them.

1.15 Finally, it must be emphasised that this paper is limited to fiscal policy and does not address other dimensions of economic policy, such as industrial policy, agricultural policy, and foreign trade policy.

## II. The financial framework

2.1. This chapter presents a five-year financial framework for the Central Government which is intended to serve the following purposes:

To translate the five-year aggregates of the Seventh Plan resources picture into year-wise guidelines for key aggregates such as public savings and domestic borrowings and their principal components;

To provide a necessary numerical framework within which reforms of tax policy have to be cast and

To focus attention on those elements of the financial picture which are most in need of close monitoring and, if necessary, corrective action.

Before turning attention to the Seventh Plan period, it is instructive to briefly review the evolution of trends over the past decade and a half.

### A. Historical trends

2.2. Table 1 presents the historical pattern of financing the Plan resources deployed by the Central Government, over the period 1971-72 to 1984-85. To facilitate an assessment of trends in relation to the size of the economy, all data have been expressed as per cent of Gross Domestic Product (GDP) at market prices.

## Size

2.3 A striking feature of the tabulated information is the massive increase in the size of the Central Plan from about four per cent of GDP in the first half of the 1970s to eight per cent by the end of the Sixth Five-Year Plan. The same period witnessed a substantial increase in the scale of Central assistance (to Plans of States and Union Territories) from 1.8 per cent of GDP to about 2.3 per cent. Taken together, the Plan resources deployed by the Centre increased from an average of under six per cent of GDP in the first half of the 1970s to over 10 per cent in 1984-85, the final year of the Sixth Plan.

## Pattern of financing

2.4 Figure 1 displays the year-wise pattern of financing of the Plan resources deployed by the Centre. The role of the external financing has been very modest throughout the period. Except for the two years following the first "oil shock", external financing was in the neighbourhood of one per cent of GDP or below throughout the 1970s. Following the second "oil shock" of 1979-80, the role of external financing (including commercial borrowing) increased slightly, to average 1.2 per cent of GDP during the Sixth Plan period. The burden of financing the marked increase in Centrally deployed Plan resources noted above has been borne overwhelmingly by domestic sources of finance, namely domestic borrowings and public savings\*\*.

\*\*Defined here to consist of (i) balance from current revenue and (ii) internal and extra-budgetary resources of public sector undertakings (excluding external commercial borrowings but including surpluses of the oil sector deposited with the Central Government).

## Domestic borrowings

2.5 As a share of GDP, domestic borrowings declined during the first half of the 1970s to yield an average of 2.5 per cent and then increased sharply in the second half of the decade to over five per cent of GDP in 1979-80. The share hovered around five per cent until 1983-84 and then increased to six per cent in 1984-85, largely reflecting the increased budgetary deficit in that year.

As for the components of domestic borrowings, the shares of the budgetary deficit and "others" have fluctuated considerably from year to year. In contrast, the share of market borrowings has displayed a much clearer pattern of growth, increasing from an average of below one per cent of GDP in the first half of the 1970s to about two per cent during the Sixth Plan period.

## Public savings

2.6 Taken as a whole, the trend in the share of the Centre's public savings in GDP was not discouraging. After hovering around 2.5 per cent of GDP between 1972-73 and 1977-78, the share rose to three per cent in 1978-79 and then fell to below two per cent in the subsequent two years, almost wholly because of the doubling of the States' shares of the Union excise duties following the recommendations of the Seventh Finance Commission.

Public savings recovered in the final four years of the Sixth Plan to average just over three per cent of GDP. When these year-wise movements are averaged, as in table one, they show a steady upward trend.

2.7 The time profile of total public savings masks some disquieting features. First, the Centre's balance from current revenues (BCR) has declined in recent years, from an average of 1.3 per cent of GDP in the 1970s to 0.7 per cent in Sixth Plan period. The fall is much more sharp and alarming when we look at

Table-1

Financing of the Central Plan and assistance for Plans of the States and Union Territories: 1971-72 to 1984-85.

(as per cent of GDP)

	Average 1971-76	Average 1976-80	Average 1980-85	Average (RE)
1. Centre's resources for the Plan	5.8	7.8	9.2	10.3
(A) Central Plan	4.2	5.3	6.7	8.0
(B) Assistance for plans of the States and Union Territories	1.6	2.5	2.5	2.3
Financed by:				
2. Net capital inflow from abroad (Including external commercial borrowing)	1.2	1.1	1.2	1.4
3. Domestic borrowings	2.5	4.3	5.2	6.0
(A) Market borrowings	0.8	1.5	2.1	1.9
(B) Budgetary deficit	1.0	1.1	1.3	1.8
(C) Others	0.7	1.7	1.8	2.3
4. Public Savings	2.1	2.4	2.8	3.0
(A) Balance from current revenue (BCR)	1.3	1.3	0.7	0.3
(B) Internal and extra-budgetary resources of public sector undertakings*	0.8	1.1	2.1	2.7

Note:

Totals may not add up due to rounding.

\*Excluding external commercial borrowing but including surpluses of the oil sector deposited with the Central Government.

year-wise information, which shows a drop in BCR from a peak of two per cent of GDP in 1978-79 to only 0.3 per cent in 1984-85.

This decline has been more than compensated for by the increase in savings of public sector undertakings (PSUs). But we should recognise that a major part of the improvement in PSU savings performance is attributable to the increased surpluses of the public sector oil companies, resulting from the sharp increase in indigenous production of crude oil achieved during the Sixth Plan. There is little prospect for similar growth in the Seventh Plan period.

## Balance from current revenue

2.8 Table Two presents a more detailed analysis of the factors underlying the trends in the Centre's BCR. Basically, while current revenues (tax and non-tax) have stagnated around 10.5 per cent of GDP since the mid-1970s, non-plan revenue expenditures have grown from about eight per cent of GDP in the first half of the 1970s to nearly 11 per cent in 1984-85. In recent years, nearly 70 per cent of non-plan revenue expenditures have been on four items: defence, interest payments, food subsidies and fertilizer subsidies. Particularly noteworthy are the rising shares (in GDP) of interest payments and fertilizer subsidies.

## B. Outlook for the Seventh Plan period

2.9 The Seventh Plan envisages a total public sector plan outlay of Rs. 180,000 crores, of which Rs. 95,534 crores has been earmarked for the Central plan, at 1984-85 prices. After deducting the outlay provided in the 1985-86 budget estimates (B.E.) a sum of about Rs. 78,000 crores will be available for the remaining four years of the Plan (at 1984-85 prices). On the assumption that the outlay on the Central plan will be raised gradually from about 18 per cent of the total in 1985-86 (B.E.) to about 22 per cent in the final year of the Plan, the size of the annual Central plans in the remaining four years would be as follows:

	(Rs. crores at 1984-85 prices)
1986-87	18,000
1987-88	19,000
1988-89	20,000
1989-90	21,000

To the extent that the revised estimates of Plan outlay for 1985-86 are higher than the budget estimates, there will be a corresponding reduction in the total available for the remaining four years. No allowance has been made for price increases in these estimates. As prices and other assumptions change, there would have to be a corresponding change in the annual outlays in order to maintain the Plan size in real terms for the five-year period.

2.10 According to the Seventh Plan, the total resources deployed by the Centre on the Central Plan, plans of the Union Territories (UTs) and assistance to the State Plans amounts to Rs. 1,29,039 crores at 1984-85 prices. As a proportion to GDP (forecast) this would amount to 10.1 per cent, which is significantly higher than the corresponding share for the Sixth Plan. A comparison of the pattern of financing for the Sixth and Seventh Plans is presented below:

GDP	As per cent of	
	Sixth Plan (Likely actuals)	Seventh Plan (Projections)
Centre's resources for the Plan	9.2	10.1
Financed by:		
1. Net Capital Inflow from abroad	1.2	1.4
2. Domestic Borrowings	5.2	5.1
3. Public Savings	2.8	3.6
(A) BCR	0.7	Neg
(B) Contribution PSUs	2.1	3.6

## Two points

2.11 The above comparison underscores two points. First, the relative role of public savings is envisaged to be greater in the Seventh Plan than in the Sixth Plan. Second, virtually all of these savings will have to be generated by the public sector undertakings. The shares of domestic borrowings and net external finance are not envisaged to be significantly different as between the two plans.

2.12 The change in shares of different categories of

**Table-2**  
Centre's revenue receipts and non-plan revenue expenditure:  
1971-72 to 1984-85.  
(As per cent of GDPL)

	Average 1971-76	Average 1976-80	Average 1980-85	Average (RE)
1. Tax revenue	7.2	8.2	7.9	8.2
2. Non-tax revenue	2.2	2.4	2.6	3.0
3. Total revenue receipts (one plus two)	9.4	10.6	10.5	11.2
4. Non-plan revenue expenditure	8.1	9.3	9.8	10.9
(A) Defence	3.2	3.1	3.2	3.3
(B) Interest payments	1.6	1.9	2.5	3.0
(C) Food subsidy	0.3	0.6	0.5	0.5
(D) Fertilizer subsidy (including on imported fertilizers)	N.A.	0.3	0.5	0.8
(E) All others	3.0	3.4	3.1	3.3
5. Balance from current revenue (BCR) (3-4)	1.3	1.3	0.7	0.3

financing comes into sharper focus when we consider an year-wise phasing of the programme. This is presented in Table 3 and Figure 2. The latter highlights the anticipated switch in the relative significance of public savings and domestic borrowings. By 1989-90, public savings are expected to amount to 4.3 per cent of GDP, while domestic borrowings are estimated at 4.2 per cent of GDP, while domestic borrowings are estimated at 4.2 per cent of GDP.

2.13 The dimension of effort required of PSUs can be appreciated from the year-wise phasing in Table 3, according to which the contribution of PSUs is expected to increase from 2.9 per cent of GDP in the present year to 4.1 per cent in 1989-90. This order of increase poses a formidable challenge to our public enterprises. But in view of the enormous resources the nation has invested in these units, these expectations are fully justified.

2.14 The other components of public savings, the Centre's BCR, is expected to be negligible over the Seventh Plan. But this masks the major effect in resource mobilisation and economy in expenditure which will be necessary to meet even this target. For we must remember that in the initial year of the Seventh Plan, 1985-86, BCR is expected to be minus 0.4 per cent of GDP. By the final year of the Seventh Plan, the BCR will have to reach a positive level of 0.2 per cent of GDP (Table Four presents year-wise details and the time profile of BCR is shown in Figure Three).

%BCR figures here differ from those in the Seventh Plan document on account of the inclusion of subsidy on imported fertilizer as non-Plan revenue expenditure and the exclusion of payment of the oil industry development board from such expenditures. Corresponding adjustments have been made in other relevant heads of financing.

2.15. Achieving this turnaround in the Centre's BCR will not be easy, given the anticipated increase in non-Plan revenue expenditure from 11.1 per cent of GDP in 1985-86 to 11.9 per cent in 1989-90. Defence expenditures are expected to grow modestly from 3.3 per cent of GDP in the current year to 3.8 per cent in 1989-90, while the share of interest payments is expected to rise more sharply from 3.0 per cent of GDP to 4.1 per cent over the same period. Given these anticipated increases, the share of total non-Plan revenue expenditures will be contained within 12 per cent of GDP by 1989-90, only if the total of food and fertilizer subsidies are held to about one per cent of GDP and of all other non-Plan revenue expenditures to about three per cent.

2.16. To achieve the projected profile in the Centre's BCR, total revenue receipts will have to increase from 10.8 per cent of GDP in 1985-86 to 12.1 per cent in 1989-90. Since the share of non-tax revenues is expected to decline slightly, the Centre's tax receipts (net of State's share) will have to shoulder the overwhelming burden of resource mobilisation. Tax revenues are projected to grow from 7.8 per cent of GDP in 1985-86 to 9.4 per cent by 1989-90, to yield an average of 8.7 per cent for the Seventh Plan. Over

Table-3

Projections for financing of Central and U.T. plans and assistance for the Stat Plans over the Seventh Plan period:

(As per cent of GDP at 1984-85 prices):

	1985-86 (B.E)	1986-87	1987-88	1988-1989	1989-90	Seventh Plan Period
1. Centre's Resources for the Plan	10.2	10.1	10.1	10.1	10.1	10.1
(A) Central Plan	7.5	7.5	7.5	7.5	7.5	7.5
(B) U.T. Plans	0.3	0.3	0.3	0.3	0.3	0.3
(C) Assistance for State Plans	2.4	2.4	2.3	2.3	2.2	2.3
Financed by:						
2. Net capital inflow from abroad (%)	1.2	1.3	1.4	1.5	1.6	1.4
3. Domestic borrowings	6.4	5.6	5.0	4.4	4.2	5.1
(A) Market borrowings	2.1	1.6	1.5	1.5	1.5	1.6
(B) Budgetary deficits	1.3	1.2	1.1	1.0	0.9	1.1
(C) Others	3.0	2.8	2.4	1.9	1.8	2.3
4. Public Savings						
(A) Balance from current revenue (BCR)	-0.4	-0.2	Neg	0.3	0.2	Neg
(B) Internal and extra-budgetary resources of PSUs	2.9	3.4	3.7	4.0	4.1	3.6

(%) Including external commercial borrowings.

Note: Totals may not add up due to rounding. These projections are based on the Seventh Plan's target for growth of five per cent per year in GDP factor cost.

this period, the share of direct taxes is anticipated to increase from 1.5 per cent of GDP to 2.1 per cent, while the contribution of indirect taxes is projected to grow from 6.3 per cent to 7.3 per cent of GDP. Figure Four presents a graphic view of the required tax mobilisation effort. A more complete picture of the tax mobilisation requirement by the Centre is given in Figure Five which depicts the profile of tax ratios gross of States' share of Central taxes.

2.17. It was noted earlier that domestic borrowings are expected to contribute 5.1 per cent of GDP over the Seventh Plan. But this average entails a substantial decline in share from 6.4 per cent of GDP in the current year to 4.2 per cent in 1989-90. The associated trend in two key components of domestic borrowings would broadly need to be as follows:

(As per cent of GDP)		
	Market borrowings	Budgetary deficit
Sixth Plan average	2.1	1.3
Seventh Plan average	1.6	1.1
1985-86	2.1	1.3
1986-87	1.6	1.2
1987-88	1.5	1.1
1988-89	1.5	1.0
1989-90	1.5	0.9

The projected Seventh Plan shares for these two components are noticeably lower than the actual corresponding averages for the Sixth Plan and reflect our concern that the Government's recourse to bank credit be confined to levels consistent with reasonable price stability. This will call for strong efforts to increase public savings, a subject which is considered further in the next chapter.

### III. Public savings

3.1 Financing of the Plan, while keeping borrowings from the banking sector within manageable limits, is feasible only if the Centre's public savings increase to the levels indicated in the previous section. This will require action on a number of fronts. The first and foremost task is to improve the built-in, revenue-raising capacity of the tax system so that the

automatic growth in revenue is greater than has been the case in the past. The issues involved in achieving this objective are dealt with in subsequent chapters. Another priority is to reduce the growth of non-plan expenditure.

3.2 The break-up of the Centre's non-plan revenue expenditure and its growth since 1971-72 is shown below (as per cent of GDP):

	Average 1971-76	Average 1976-80	Average 1980-85	Average (Re)
Non-plan revenue expenditure	8.1	9.3	9.8	10.9
(A) Defence	3.2	3.1	3.2	3.3
(B) Interest payments	1.6	1.9	2.5	3.0
(C) Food subsidy	0.3	0.6	0.5	0.5
(D) Fertilizer subsidy (including on imports)	N.A.	0.3	0.5	0.8
(E) All others	3.0	3.4	3.1	3.3

Four important constituents of the non-plan revenue expenditure (which together account for about 70 per cent of such expenditure) are defence, interest payments and subsidies on food and fertilizers. So far as defence is concerned, needless to say, there can be no compromise with the imperatives of national security. While efforts must be made to make it more cost-effective, the scope for reducing defence expenditure is limited.

3.3 The growth of interest payments is directly linked to the increasing reliance on borrowings for financing public investments. This is a cost which has to be borne if private savings have to be mobilised for investment in the public sector. The long-term answer must lie in reducing our reliance on borrowings by increasing the BCR and internal resource generation by public sector undertakings. In the immediate future, the pressure on the Centre's resource position on this account can only be relieved by ensuring that the cost of funds is fully passed on to the users.

To assure reasonable real rates of return to savers, either directly, or indirectly through financial institutions, the Government has increased the interest rates paid on its borrowings in recent years. It is, there-

**Table-4**  
Projections of Centre's revenue receipts and non-Plan revenue expenditure over Seventh Plan period.  
(As per cent of GDP at 1984-85 prices)

	1985-86 (BE)	1986-87	1987-88	1988-89	1989-90	Seventh Plan period
1. Tax revenue (net) of State's share)	7.8	8.2	8.7	9.2	9.4	8.7
(A) Direct taxes	1.5	1.7	1.8	2.0	2.1	1.8
(B) Indirect taxes	6.3	6.5	6.9	7.2	7.3	6.9
2. Non-Tax revenue	3.0	2.9	2.8	2.7	2.7	2.8
3. Total revenue receipts (1 + 2)	10.8	11.1	11.5	11.9	12.1	11.5
4. Non-Plan revenue expenditure	11.1	11.3	11.5	11.6	11.9	11.5
(A) Defence	3.3	3.4	3.5	3.6	3.8	3.5
(B) Interest payments	3.0	3.3	3.6	3.9	4.1	3.6
(C) Food and fertilizer subsidies	1.2	1.1	1.1	1.0	1.0	1.1
(D) All others	3.6	3.4	3.3	3.1	3.0	3.3
5. Balance from current revenue (BCR) (3-4)%	-0.4	-0.2	Neg.	+0.3	+0.2	Neg.

Note: Totals may not add up due to rounding.

fore, reasonable to expect that the return to the Central Government on funds lent by it should keep pace with its cost of borrowing.

## Lending rates will rise

3.4 Interest rates charged by the Central Government have been raised somewhat in recent years. However, in several sectors, they still remain below the cost of raising funds. In the next three years, the lending rates will be progressively raised to the levels which are adequate to cover the cost of raising funds. Small savings have been a particularly buoyant source of receipts in the recent past (these have increased from Rs. 1,100 crores in 1980-81 to Rs. 3,300 crores in 1984-85), and two-thirds of the receipts on this account are passed on to the State Governments at a rate of interest of 9.75 per cent.

The average cost of raising these funds is, however, about 11 per cent. The proposed realignment of lending rates will cast further responsibility on the State Governments to ensure that these savings are invested efficiently so as to yield an adequate rate of return. It may be mentioned that several tax incentives have been provided to promote savings and revenue foregone on this account is sizable.

3.5 The other major constituent of non-plan revenue expenditure is subsidy, particularly on account of food and fertilizers. Figure Six highlights the growth of expenditure on this account in recent years. Food subsidy, which amounted to Rs. 710 crores in 1982-83, has more than doubled to Rs. 1,650 crores in the current year (including Rs. 550 crores in the supplementary demands). The rising costs of procurement, storage and distribution of foodgrains have mainly contributed to this increase. In part, the problem reflects the success of our farmers and our agricultural strategy in raising food production to record levels.

The problem has been aggravated by high levels of procurement without a corresponding increase in the offtake from the public distribution system. In recent years, there has also been a rapid increase in the volume of fertilizer consumption in the country. This, along with the rise in the cost of fertilizer imports and domestic production, has resulted in the growth of fertilizer subsidy from barely Rs. 600 crores in 1982-83 to over Rs. 2,000 crores in the current year (including supplementary demands).

3.6 A large part of the increase in food subsidy in the last two years has been due to the increase in food stocks. An adequate level of food stocks provides an important hedge against both uncertain wea-

ther and inflation. But excess food stocks reflect mis-allocation of our scarce resources and also increase risks of loss through spoilage. In the current year, the carrying cost alone of the excess foodstocks could exceed Rs. 300 crores. Measures have already been initiated to reduce excess stocks, including higher allocations to anti-poverty programmes.

3.7 There is also scope for reducing the scale of food subsidies by bringing down unit costs of procurement, distribution and storage through measures such as minimising transit losses and rationalising handling and movement of foodgrains. While the burden of holding foodstocks should continue to be borne by the exchequer, the issue prices of foodgrains will need to be reviewed periodically to cover increases in procurement prices and related costs. The Government will continue to provide remunerative prices to farmers.

3.8 A sharp reduction in the fertilizer subsidy in the short-run is likely to present some problems. A steep increase in the price of fertilizer at one stroke could have an adverse impact on agricultural growth. Our effort, therefore, has also to be directed towards reducing costs of manufacture. The recent measures exempting fertilizer project equipment imports from customs duty should be of help in reducing production costs but its beneficial effect will be felt only after a lapse of time when the newer plants go into production.

3.9. Fertilizer is an energy intensive industry and studies show that energy consumption per unit of output varies widely among units of the same vintage based on the same feed stock. The incentives to economise on energy and to reduce unit costs of production are also weak in a pricing system where retention cost are determined plant-wise. A high-level fertilizer pricing committee is currently examining these issues and the Government will take action in the light of its recommendations.

3.10. In trying to tackle the problem of growing expenditure on subsidies, we face a dilemma. These subsidies serve important social and economic purposes, and the attempt to contain subsidies is bound to create some problems. At the same time, if subsidies continue to grow at the present rate, they will either be at the expense of developmental expenditures or they will lead to higher budget deficits which, in turn, will affect costs and prices, thereby increasing demands for further subsidies. While determined efforts must be made to increase revenues, a measure of restraint in respect of subsidies is unavoidable.

Table-5

Ratio of direct and indirect taxes collected by the Centre (percentage to total tax revenue).

	Direct Taxes			Indirect Taxes		
	Income	Corporate	Total	Excise	Customs	Total
1970-71 to 1974-75 (average)	14.2	11.8	27.2	52.4	18.8	72.8
1975-76 to 1979-80 (average)	12.8	12.1	26.6	50.6	21.1	73.4
1980-81	11.4	9.9	22.8	49.3	25.9	77.2
1981-82	9.3	12.4	24.0	46.8	27.1	76.0
1982-83	8.9	12.3	23.5	45.5	28.9	76.5
1983-84	8.2	12.0	21.8	49.3	26.9	78.2
1984-85 (RE)	7.6	11.9	21.0	47.1	30.0	79.0
1980-81 to 1984-85 (average)	9.1	11.6	22.6	47.6	27.8	77.4

3.11. A balanced approach, therefore, is to try and contain subsidies within a certain level in terms of GDP. In the Sixth Plan, food and fertilizer subsidies amounted to one per cent of GDP on average. In the Seventh Plan, these subsidies are expected to increase to 1.1 per cent of GDP. In rupee terms, of course, the growth in subsidies will be even more substantial. However, it has to be noted that in 1985-86, the first year of the Seventh Plan, food and fertilizer subsidies are likely to exceed 1.4 per cent of GDP. Therefore, during the rest of the Plan period, it will be necessary to ensure that the growth rate on this endeavour is to ensure that the benefit of subsidies goes mainly to the poor and weaker sections of our society.

3.12. All other items of non-Plan revenue expenditure (except defence, interest payments, and food and fertilizer subsidies) have constituted three per cent of the GDP in earlier years, but in 1984-85 and 1985-86, there was a significant increase in this ratio. For the BCR to turn positive by the end of the Seventh Plan, it will be necessary to reduce the residual category of non-Plan revenue expenditure from the 1985-86 level of 3.6 per cent of GDP to about three per cent. This is possible if a firm check is kept on the growth of Government staff, proliferation of Government agencies and unproductive expenditure of all types. The size of Central Government civilian staff (excluding employees of the Railways, Posts and Telegraphs) grew by about five per cent a year from 1971 to 1982.

## Reducing reliance on borrowings

In view of the changes that have been brought about in the regulatory framework and instruments of control, it should be possible to reduce the growth in expenditure on Government administration. In the current year, the Government has already taken steps to reduce non-Plan expenditure by five per cent. The Government has also set up a high-level committee to identify further areas where substantial economies can be effected, while improving administrative efficiency. In order to ensure better programming of expenditure in the medium-term, the Government is also examining methods for explicit multi-year budgeting of such expenditure.

## Public sectors' key role

3.13. The bulk of the effort for augmenting the ratio of public savings to GDP will have to come from improvements in the functioning of public enterprises. The public sector has played a key role in the planned economic development of India and will continue to do so. The number of Central Government enterprises has increased from five in 1951 to 217 in 1984 and the total investment in these enterprises has gone up from Rs. 29 crores in 1951 to Rs. 35,411 crores in 1984. The total contribution of the Central Government public enterprises to financing the Plan amounted to 2.7 per cent of GDP in 1984-85. To assure success of the Seventh Plan, this would need to go up to a little over four per cent by the end of the Plan period. This is a major task and will require new initiatives in a number of areas.

3.14. Some of our public enterprises are expected to serve certain social purposes rather than solely to maximise financial profits. However, the major public sector enterprises, which are in the core sector and public utilities, have been established an order that social ownership could ensure rapid development of these sectors and, at the same time, curb the concentration of wealth and monopolistic practices. Commercial enterprises, though in the public sector, must generate surpluses through proper pricing and efficient operations.

## Multi-pronged strategy needed

3.15. A multi-pronged strategy is necessary, including organisational changes, better management methods, effective workers' participation and appropriate financial and pricing policies. A high-level committee, set up last year, for bringing about improvement in public enterprises, has already submitted its report. The Government proposes to improve the monitoring and management systems for public enterprises. The Government will also take steps to ensure that the pricing policies of public sector undertakings are based on economic costs at normative levels of efficiency.

## IV. The tax structure

4.1. A feature of India's present tax structure is the preponderance of indirect taxes. In the budget for 1985-86, the total amount of tax revenue to be collected by the Centre (including the State's share) is estimated at Rs. 25,992 crores. Of this, Rs. 5,019 crores or about 19 per cent is expected to come from direct taxes (that is, taxes on income, expenditure, property and capital transactions) and Rs. 20,973 crores or 81 per cent from indirect taxes (taxes on commodities and services). As Table 5 shows, the proportion of indirect taxes in the tax revenue collected by the Centre has increased steadily over the years: from 73 per cent on an average in the first half of the Seventies to 77 per cent during the Sixth Plan. The proportion of direct taxes has declined correspondingly.

4.2. Among the direct taxes, the share of non-corporate, that is personal income tax, has registered a decline from 14.2 per cent in the first half of the Seventies to 9.1 per cent during the Sixth Plan, while that of corporate tax has remained more or less steady around 12 per cent. The decline in the share of personal income tax has occurred during the Seventies, despite high rates of tax on personal incomes. The maximum marginal rate during those years remained around 70 per cent or higher among indirect taxes, the proportion of the Union excise has come down from an average of 52.4 per cent to 47.6 per cent, and that of Customs has increased from 18.8 per cent to 27.8 per cent during the period under reference.

4.3. Heavy reliance on indirect taxation is not unusual for a country in the early stages of development. Low levels of income of the majority of the people, inadequate spread of accounting practices and tax evasion have severely restricted realisations from income tax. In this situation, the Government has little option but to have recourse to indirect taxation to raise resources for development. The growth of industrial production and expansion of trade have also provided scope for mobilising resources through commodity taxes on production and trade.

4.4. While the predominance of indirect taxes in the present situation is unavoidable, it cannot be gainsaid that a certain balance has to be maintained between direct and indirect taxes. Taxes like the personal income tax have an important role in the tax structure and cannot be substituted by taxes on commodities. It is not easy to tailor commodity taxes to the circumstance of tax-payers in the same way as is possible with the personal income tax. Hence, although reliance on indirect taxation cannot be avoided in the foreseeable future, it is necessary to make a transition to a system whereby income tax makes a larger contribution to revenue. Such transition is not possible without a distinct improvement in the buoyancy of the income tax in response to growth in incomes. An important objective of fiscal policy must be to reverse the decline in the share of direct taxes over the long term.

4.5 The lack of buoyancy in income tax revenues is attributable to several factors, including narrow coverage of the working population, numerous exemptions and deductions and widespread evasion. The total number of income tax payers has remained at about four million or so for many years. Bringing unincorporated enterprises under taxation has proved difficult. With a narrow base, revenue needs lead to the imposition of high nominal rates of tax. There is reason to believe that a broader base of taxation, resulting from a healthy growth of the economy, combined with moderate rates of taxes and strict enforcement, can yield better revenue results. It is this approach which underlies the changes made in the structure of income tax rates this year and the overhaul of the administration and procedures currently under way.

## Encouraging results

4.6 The results so far are encouraging. Income tax receipts including corporation tax have grown by over 25 per cent in the first seven months of the current financial year over the corresponding period of the previous year. This far exceeds the growth record in the past decade.

4.7 The other main component of income tax, namely, the tax on corporate profits is apparently more buoyant and at present contributes more to the exchequer than the personal tax. However, a substantial proportion of the corporation tax currently comes from the public sector enterprises, particularly the petroleum group of companies. In 1983-84, out of a total revenue of Rs. 2,493 crores realised from corporation tax, the tax paid by the Government companies was of the order of Rs. 1,305 crores of which oil companies accounted for as much as Rs. 924 crores.

## Corporate tax base eroded

As in the case of the personal income tax, the base of the corporate income tax has been eroded by exemptions and deductions, while high rates have reduced incentives to show large profits in company balance sheets. It is also striking that in the corporate sector, over 98 per cent of tax revenues come from companies having income of Rs. 1 lakh or more and constituting not more than 40 per cent of the total number of companies assessed to income tax. Both the personal income tax and the corporate income tax ought to yield more revenue and a surer way of achieving this objective is to widen the base through more rapid economic growth and by plugging loopholes in tax laws, foster a climate conducive to better tax compliance, and bring about sustained improvements in tax administration.

## Decline in excise

4.8 The indirect taxes as a whole have displayed better growth and buoyancy but among them customs have grown faster than excise. As a result, the share of customs in the taxes collected by the Centre has gone up. The contribution of excise, though still the largest, has undergone a decline. The buoyancy of excise has suffered because of a variety of factors including numerous exemptions and concessions which have given rise to substantial administrative and legal complexities. Recent years have witnessed an unprecedented increase in litigations.

4.9 Given the scarcity of foreign exchange, the use of customs duties as an instrument of taxation is not undesirable. However, customs duties have an important impact on the allocation of resources as between tradeable and non-tradeable goods and services, between import and export industries and on the cost structure of domestic industries in general. Hence, in using this instrument, trade and development aspects and the long-run effects on resource al-

location and efficiency have to be kept in view. A proper structure of customs duties has also a role to play in preventing anti-social activities like smuggling.

## Structural reform

4.10 The long-term task of fiscal policy in the area of taxation is to bring about a structural reform in the present system. The reform should ensure that revenues go up automatically and commensurately as incomes and prices rise. It should also aim at securing better compliance, reducing harassment and improving the efficacy of the tax structure to serve the Plan achieved at one stroke. Hence, the process of reform has to be phased over a number of years and will have to go beyond the Seventh Plan. However, the process must begin now.

## V. Direct taxes

5. The 1985-86 budget introduced major reforms in the structure of direct taxes. The central aim of these reforms was to create an environment for growth, productivity and savings while providing relief to lower income groups.

5.2 These reforms have already started yielding dividends and direct tax revenues in the current year have shown considerable buoyancy. However, a number of areas remain which call for a programme of phased reform. Despite recent changes, the direct tax laws remain complex. Hence, simplification ranks high on the agenda of further reform in direct taxes. Additional measures are also necessary to curb tax evasion.

The recent study by the National Institute of Public Finance and Policy has pointed out that an important factor underlying the motivation to conceal incomes has been that the cost of evasion was perceived to be much lower than the cost of compliance. In addition to rationalisation of the tax structure, administrative measures have been taken to increase the cost of evasion, but further steps are necessary to move towards a system which encourages voluntary compliance and avoids harassment to honest tax payers while dealing severely with tax evaders.

## A. Rates of personal income tax

5.3 The rates of personal income tax were lowered this year as part of the long-term strategy for securing better compliance and improving the built-in revenue raising capacity of the income tax. The full revenue enhancing benefits from this strategy will take time to materialise. However, even in the short-run, it is reassuring that during April-October 1985, realisations from personal income tax were about 40 per cent higher than last year and there is every in-

dication that the budget estimates for 1985-86 on this account will be exceeded.

5.4 A time honoured canon of taxation is stability. Too frequent changes in tax structure are a source of uncertainty which discourages tax compliance, creates difficulties for effective tax administration and takes its toll of economic growth. In order to provide the necessary stability, the Government intends to keep the present rate of schedules of taxes on personal income and wealth unchanged for a minimum period of five years.

5.5 Under certain compelling circumstances such as an external emergency, it may be necessary to mobilise additional revenue through taxation. In such an extraordinary situation, the Government will take recourse to levying a surcharge on income tax and other taxes, as necessary, without disturbing the basic tax structure. Any such surcharge will be a temporary measure and phased out over a period of time.



5.6 It has been argued that inflation progressively increases the effective rate of taxation for given levels of real income and wealth through the process of "bracket creep". While there is substance in this argument, a system of automatic adjustment of tax brackets may erode unduly the responsiveness of revenues to increases in incomes and asset values. Taking this into consideration, the Government will review the impact of inflation on effective rates of taxation once every two or three years. Adjustments will be made in tax brackets after taking into account the impact of inflation, the overall budgetary position and other relevant factors.

## B. Simplification

5.7 The Government has decided to rewrite the direct tax laws with the following objectives in view:

- Rationalising and simplifying the laws in order to make the provisions easier to administer;
- Improving the effectiveness of the provisions for curbing tax evasion;
- Building effective deterrent penal provisions;
- Bringing about uniformity of procedures for all direct taxes and reducing the categories of taxable entities.

The draft Bill incorporating the necessary amendments is expected to be ready by June 1986.

## C. Incentives for saving

5.8 In the personal income tax, at present there are two sets of provisions for encouraging saving: those providing for exemption of the Income from Investment in specified channels (Section 80L of the Income Tax Act) and those allowing a deduction for investment in specified forms (Section 80C and 80CC). Both these concessions are subject to certain limits. Exemption for investment in specified assets is available in wealth tax too, also subject to prescribed limits.

5.9 In view of the importance of saving for maintaining the growth momentum of our economy, the Government is considering a proposal to strengthen the saving incentives by introducing a new instrument with the following feature.

(I) Investments in this instrument, which may be designated as the national deposit scheme (new series), will qualify for deduction from taxable income without any overall ceiling. This new instrument will replace the present National Deposit Scheme (current series).

(II) The deposits will be eligible for deduction from taxable income to the extent of 50 per cent of the net deposits made in the year (that is net of any withdrawal).

(III) Net withdrawal of a year will be added to the taxable income of the year to the extent of 50 per cent.

(IV) The deposit account will be maintained by the designated banks against passbooks to be issued to the account holders and the net deposit/withdrawal of a year will be certified by the bank on the basis of average deposits maintained during the year (average of months).

(V) Net deposits (withdrawals) will be computed by taking the difference between the average deposit of a year and that of the preceding year.

(VI) Deposits under this scheme will carry interest at the rate of 10 per cent per annum, but the interest will not be eligible for the concession now available for interest on bank deposits under Section 8 (L) of the Income Tax Act and

(VII) On death, an individual's holdings of these national deposits will pass to his legatees like any other asset and may be liquidated by them without being brought to tax.

5.10 The proposed scheme could have several beneficial consequences: First: The incentive for savings will be substantially strengthened. Second: The scheme should help to induce greater disclosure of incomes and counter the flow of surplus incomes into illegitimate channels. Third: By relating the tax concessions to net saving under the new scheme, we will be moving some way towards an expenditure tax concept and giving an opportunity to taxpayers to moderate their liability to tax according to consumption over the lifetime.

5.11 The Government will welcome the views of the public in regard to the proposed scheme before a final decision is made. The Government has set up a committee for examining the feasibility and desirability of moving further towards an Expenditure Tax.

## D. Corporate Tax reform

5.12 The 1985-86 budget had also initiated a process of reform of the Corporation Tax. It has announced, that the scope for further reform would be examined along two alternative lines. The alternatives posed were: (I) A further reduction in tax rates by five percentage points in the next year and withdrawal of surcharge and surtax in the third year along with withdrawal of the investment allowance in a phased manner; (II) Retention of the investment allowance with no further cut in rates. An open debate was invited on the relative merits of these alternatives before taking any decision.

5.13 From the angle of simplicity and neutrality, a straight forward reduction in rates (in lieu of investment allowance) has much to commend itself. But it cannot be denied that the investment allowance (and its earlier version, the development rebate) has played a role in the industrialisation of the Indian economy. However, the investment allowance also has its drawbacks.

5.14 Experience has shown that the investment allowance has tended to favour the larger and more well-established enterprises, partly because such concerns can set off investment allowance against profits of old established units, without waiting for profits from fresh investment. The concession benefits not just, or even mainly, those who save out of profits, but also those who can command capital funds in general, a fact which again tends to favour established concerns with good access to the market for borrowed funds. Since the benefit is related to the cost of plant and machinery irrespective of how it is financed, the investment allowance has created distortions in the profitability of companies depending on the extent to which they are able to find resources internally or through borrowing to acquire new plant.

5.15. In order to retain the merits of the investment allowance while removing some of its drawbacks, it has been decided to keep the rate of tax at its present level but allow corporate enterprises to deduct a specified fraction of their profit from taxable income if deposited with the Industrial Development Bank of India (IDBI) and other institutions that the Government may notify. The new scheme will come into operation with effect from the assessment year 1987-88. The deposits with IDBI (and other notified institutions) would earn interest at 10 per cent and will be utilised only for the purpose of investment in plant and machinery and certain other specified purposes. Withdrawal for any other purpose will entail taxation as part of the income of the year of withdrawal.

5.16. To avoid hardship to companies not able to generate sufficient profits early enough, repayment of borrowings made for investment in specified purposes by drawing on profits so funded may also be treated as coming within approved purposes. Also, in-

vestment in new plant and machinery or any other approved purpose made directly out of profits of the year will be regarded as "funding" for purposes of the deduction contemplated in this scheme. In order that the effective rate of Corporation Tax does not go below an acceptable level, the deduction under this scheme will be restricted to 20 per cent of the profits that would be otherwise taxable. To guard against abuse, plant and machinery acquired with funds withdrawn from these deposits will not be allowed to be transferred within a period of eight years unless the sale proceeds are reinvested in new plant and machinery or funded back with IDBI. To facilitate compliance, deposits under the scheme will be permissible within six months from the end of the relevant accounting year.

5.17. Such a provision will be neutral as between small and large companies and will also insulate the timing of investment decisions from tax considerations. This measure should help to reduce the premium on spending which taxation of business profits inevitably creates and thus curb extravagance which is so conspicuous in the corporate sector. The funding option should help to neutralise the bias in favour of borrowing and needless capacity creation.

5.18. In order to avoid hardship to companies which have already drawn up plans for investment in anticipation of the investment allowance, it is proposed to withdraw the allowance with effect from April 1, 1987. However, the benefit of both investment allowance and the funding scheme will not be permissible in the same assessment year.

5.19. The rates of corporate taxation will not be reduced further. However, the surcharge and surtax will be abolished with effect from the assessment year commencing from April 1, 1987.

5.20. Apart from investment allowance there are at present a number of other incentives in the Income Tax Act. The Government will review these concessions and withdraw as many of them as feasible after the new scheme comes into operation. Consequent on the withdrawal of the investment allowance, the minimum tax provisions embodied in Section 80 VVA of the Income Tax Act will be abolished.

5.21. At the present the depreciation schedule lays down a number of rates and requires maintenance of record of written down values of assets in detail for each asset separately. It is desirable to reduce the rates of depreciation to only two or three each applicable to a block of assets. The written down value of existing assets can then be grouped under these blocks. This will also help to do away eventually with the "balancing allowance" and "balancing charge" arising on the disposal of used assets in running concerns. It is proposed to simplify the depreciation provisions on the lines indicated above. At present certain categories of plant and machinery carry a higher rate of investment allowance (viz anti-pollution devices and those using indigenous knowhow). After the withdrawal of investment allowance use of plant and machinery coming within the categories will be encouraged through higher rates of depreciation than normal.

## E. Retention of the Gift Tax

5.22 With the abolition of Estate Duty, it has been argued that the prime justification for having a Gift Tax namely to check avoidance of Estate Duty has gone. It has been contended that given the relatively low yield of the tax (no more than Rs. 9 or 10 crores a year), its abolition would simplify the tax system with little loss of revenue. Furthermore it has been pointed

out that both Income Tax and Wealth Tax laws contain provisions for aggregation of income and wealth in the event of transfer of assets by a taxpayer to minors and close relatives and these should provide adequate safeguards against avoidance of income and wealth taxes through splitting by gifts.

5.23 These arguments have been considered carefully and it has been concluded that on balance it will be preferable to retain the Gift Tax on the grounds of both equity and as a check against attempts to reduce tax liability to income and wealth taxes through splitting income and wealth via the medium of gifts. However, the Government will review the provisions of the Gift Tax with a view to rationalising them. In particular, consideration will be given to enhancement of the exemption levels to take into consideration increases in prices since the present exemption limit was fixed.

## F. Capital gains taxation

5.24 The Income Tax laws contain a variety of provisions for reducing the effective incidence of capital gains tax, thereby reducing the problems arising from the bunching of realised gains in a single year.

(i) Excluding all appreciation before April 1, 1964 from taxation.

(ii) For non-corporate assessees allowing a fraction of the gains from assets held for more than three years (long-term capital gains) to be deducted from the tax base with the fraction varying from 25 per cent to 60 per cent depending on the nature of the asset and the period of holding.

(iii) Permitting exemption of long-term capital gains if the proceeds are invested in specified assets such as National Rural Development Bonds and a special series of units of the Unit Trust of India for a minimum period of three years.

(iv) Exemption of long-term capital gains if invested in a residential house (subject to certain conditions) and

(v) Tax free roll over of gains from a residential house and for land used for agricultural purposes.

5.25 These provisions serve to moderate very substantially the incidence of income tax on capital gains. For non-corporate assessees, the maximum incidence of the tax on capital gains under the rules currently in force varies between 20 and 37.5 per cent. The incidence gets very much reduced if the sale proceeds are invested in specified assets for three years. The taxation of capital gains has not yielded much revenue so far. However, in recent years, there has been an investment of the order of Rs. 200 crores or so annually in assets specified for exemption of capital gains. In the light of the experience, the Government will review capital gains taxation in order to make it more effective and to promote investments in desired channels.

## Rationalising taxes

5.26 Meanwhile, the following measures will be taken to rationalise the scheme of taxation of capital gains. One such measure is to advance the date for revaluation of assets acquired long ago, for purposes of computation of capital gain to 1-4-1974. Second, there will only be two rates for deduction of long-term capital gains, viz. 50 per cent for gains from real estate and 60 per cent for other assets. Further, investment in bonds issued by the Industrial Development Bank of India (IDBI) and the Housing and Urban Development Corporation (HUDCO) will be also made eligible for exemption of capital gains under section 54E of the Income Tax Act.

## G. Rules for asset valuation

5.27 Assessment for wealth tax requires valuation of different categories of assets, including life interest, immovable property, unquoted preference shares unquoted equity shares of companies other than investment companies and interest in partnerships, etc.

5.28 While rules have been framed for the valuation of certain of these assets such as residential house property, there are no specific rules for others. Some of the existing rules have given rise to litigation and also suffer from anomalies. For most categories of assets, it is essential to formulate rules of valuation which minimise the area of discretionary interpretation, are simple to apply, easy to understand and conform to the statutory requirements. A review of the existing valuation rules is in progress and the Government will announce its decisions taking into account the recommendations made by the Economic Administration Reforms Commission.

5.29 As a measure for countering evasion, the Income Tax Act at present contains a provision empowering the Government to acquire an immovable property on its sale or transfer if the consideration recorded in the transfer deed is found to be less than its estimated fair market value by more than a specified margin. These provisions have not proved to be effective and have generated a great deal of litigation and harassment. It is essential to find ways in which tax payers would be induced to disclose the true value of their properties.

### Pre-emptive right for Govt.

5.30 One way of tackling this problem is to confer on the Government a pre-emptive right to acquire any immovable property undergoing a transfer for consideration at a value 15 per cent above the price or consideration stated in the transfer deed. The scope of such a provision may be limited initially to the metropolitan towns and also to properties worth more than Rs. 10 lakhs. To be fair, selection will have to be based on a system of random sampling. Furthermore, the Government will be required to make full payment for any property it notifies for acquisition within 30 days of such notification. To reduce undue uncertainty in property transactions, the Government's pre-emptive right of purchase will automatically lapse after 60 days of the seller's applying for the clearance certificate from the Income Tax Department for any particular property sale.

### Measures against tax evasion

5.31 In order to effectively tackle the problem of tax evasion, the Income Tax Department will implement a strategy consisting, *inter alia*, of the following elements:

(i) Accept, in general, the returns in all cases (other than companies and trusts) showing returned income of not more than Rs. one lakh and in company cases with returned income of not more than Rs. 25,000 (except for new assesseees). However a thorough scrutiny of a specified random sample of the accepted returns will be undertaken. The procedure will be refined by applying principles of stratified sampling to select higher proportions of non-salaried taxpayers and sub-groups of them believed to be particularly prone to evasion, for scrutiny.

(ii) Remove weaknesses in the law which hinder effective prosecution of tax evaders. It is intended to incorporate certain provisions in the direct tax laws similar to those which already exist in the Customs

Act and the Gold Control Act. For example under Section 123 of the Customs Act, 1962, when any goods are seized on the reasonable belief that they are smuggled goods, the burden of providing that they are not smuggled goods shall be on the person from whose possession the goods were seized or/and any person who claims to be the owner of such seized goods. Similarly under Section 98 B of the Gold Control Act, 1968 in any prosecution for an offence under that Act which requires a culpable mental state on the part of the accused the court shall presume the existence of such mental state but it shall be open to the accused to prove the fact that he had no such mental state with respect to the offence. It is proposed to amend the direct tax laws also to provide similar provisions so that once evasion is proved the intention to evade need not be proved by the Department. Furthermore as noted above the provisions regarding acquisition of immovable properties will be reviewed and re-designed to make them more effective.

(iii) Ensure effective follow-up of search and seizure operations.

### Special courts

(iv) Ensure speedy trial of economic offences including tax evasion by establishing special courts. Such courts have already been set up in 13 States for trying offenders under the various Central revenue laws. The other States are also being requested to constitute similar courts soon. This will help in speeding up the process of prosecution and punishment of tax evaders who now take advantage of the huge pendency before the ordinary civil courts to delay proceedings.

(v) Evolve a system of rewards and punishments to promote integrity among senior officials and modernise the administration of direct taxes with the aid of computers.

5.32 The process of reform in the direct tax structure which was initiated in this year's budget is designed to promote better compliance and higher receipts from these taxes. The Government has already made it clear that those who declare higher incomes and wealth for the assessment year 1986-87 compared with earlier years will be assessed at normal rates applicable to this assessment year and will not be subjected to any prosecution or penalty. Their earlier years' assessments will not be reopened on this ground. Even for earlier assessment years if higher incomes and wealth are declared before March 31, 1986, then assesseees will not be liable to penalty or prosecution. It may however, be emphasised that this facility is being extended only up to March 31, 1986 and will not be available after that. It may also be stated that the Government does not intend to issue any new series of bonds which confer immunity to tax evaders for moneys invested in such bonds or to adopt any scheme which provides a more concessional tax treatment for concealed incomes that are declared than the rates normally applicable.

## I. Venture fund to promote indigenous technology

5.33 The Seventh Plan has stressed the objective of modernisation and technological upgradation of our economy. A number of initiatives have already been taken to facilitate the import of appropriate technology and to accelerate the development of indigenous technology. For example, in the fiscal domain, excise and customs duties have been rationalised to facilitate the import of essential raw materials, components and peripheral devices for the domestic electronics and computer industries. On the direct tax

side, the 1985-86 budget provided for spreading equally over three years the lump sum consideration received by scientists for the know-how developed by them. Industry was also allowed to write off the lump sum consideration paid for acquiring knowhow for business purposes in six annual instalments.

## Venture Capital Fund

5.34. In order to provide further incentives for the commercial applications of indigenously developed technology, the Government proposes to establish, on an experimental basis, a Venture Capital Fund (VCF), with an initial capital of Rs. 10 crores to provide equity capital for pilot plants attempting commercial applications of indigenous technology and to adapt previously imported technology to wider domestic applications. Given the risky nature of the projects, it has to be recognised that a significant proportion may fail in which case, the equity contributions from the fund will have to be written off.

## R & D levy

5.35. The Fund will be administered by the IDBI. At the same time, a small five per cent "R and D levy" will be imposed on all payments made for purchase of technology from abroad, including royalty payments, lump sum payments for foreign collaboration and payments for designs and drawings. The levy will increase the cost of technology imports by a small amount (but without restricting access) and will also provide a source of funding the Venture Capital Fund, aimed at promoting the commercialisation of indigenous technology. This experimental scheme which will become effective from 1-4-1986, will be reviewed after three years. A simple method of administering the scheme is being worked out in consultation with the Reserve Bank of India and the IDBI.

## J. Taxation of agricultural income

5.36. It is often stated that exclusion of agricultural income is a major shortcoming of the personal income tax base in India and constitutes an important explanation for the weak revenue raising capacity of the personal income tax. Taxing agricultural income presents many conceptual and administrative problems. Land revenue and taxation of agricultural income are States' subject under the Constitution. The Centre has no intention of seeking any change in this position.

5.37. It is necessary to provide incentives to the rural community for investment in financial and socially desirable savings instruments. With this in view, the Government has recently announced a new scheme for floating public sector bonds. These will carry an attractive interest rate and there will be no deduction of tax at source on interest payments. Other tax benefits will also be available.

5.38. Taxation of Non-Resident Indians (NRI) are a part of our larger family. A number of incentives and special facilities have been provided to them for direct and other investments. So far as the tax structure is concerned special facilities for expeditious clearance as well as for charging a flat rate of tax to individuals on incomes received from investment in India have been introduced recently. Income from interest on non-resident bank accounts is also free from both Income-Tax and Wealth Tax. The abolition of the Estate Duty in the last budget will also facilitate higher investments by Non-Resident Indians.

5.39. The Government considers the present tax structure relating to NRI investments to be appropriate and shall keep it stable for a period of five years. The Income Tax Department shall take special care to en-

sure that where required tax returns of Non-Resident Indians are assessed quickly and fairly and that as far as feasible returns are accepted on a self-assessment basis. In other areas also, early steps will be taken to streamline and rationalise procedures and eliminate irritants and to ensure that NRI investment proposals are disposed of within a time bound frame.

## VI Indirect Taxes

6.1. The proposed reforms in the structure of custom and excise duties are designed to promote the primacy of the basic objectives of economic growth, equity, simplicity and built-in revenue raising capacity. In addition these reforms are intended to serve as vehicles for progressively moving from discretionary, quantitative restrictions and physical controls to fiscal instruments in managing the economy.

### A. Reform of central excise

6.2. The basic thrust of our reforms of the Central Excise will be to greatly simplify the present multitude of rates and exemptions, to undertake major strides in relieving the taxation of inputs in production and to rationalise several special schemes such as those for small scale units and for duty drawbacks.

### Simplification of Central Excise duties

6.3. At present excise duties are levied by the Centre in various forms: basic excise, special excise, additional in lieu of Sales Tax (under the Additional Duties of Excise Act, 1957), additional excise on textile and textile products for financing the controlled cloth scheme and cesses earmarked for special purposes under various acts. Basic and special duties of excise are shared between the Centre and the States. The proceeds of additional excise in lieu of Sales Tax are passed on to States, after deducting the share of Union Territories and the costs of collection.

6.4. The multiplicity of forms in which excise duties are levied complicates the structure, makes it very difficult to assess the final burden and requires elaborate accounting and monitoring. It is proposed to simplify the structure by merging the various excise duties into a single basic rate (except additional excise levied in lieu of sales tax) and retaining only the cesses as separate levies earmarked for specific purposes. A beginning has been made in this direction this year by merging special excise with basic duties except on a few commodities. It is intended to carry this process further. Even with regard to the cesses levied as excises and with revenues earmarked for specified purposes, it is recognised that these contribute to the multiplicity of taxes. The Government will endeavour to reduce the number of these cesses to the extent feasible.

6.5. Merger of additional excise in lieu of Sales Tax with basic excise duties though desirable is not feasible for the present as it would require evolving a suitable formula for allocating a part of the excise duties on textiles, tobacco and sugar for distribution among the States. The matter will be referred to the next Finance Commission for determination of a suitable formula.

6.6. As a measure of rationalisation, the Government proposes to introduce a revised nomenclature for the Central excise tariff which will be broadly in conformity with the harmonised system of classification being adopted for the Customs tariff. This matching of classification should remove a long-standing grievance of trade and industry. As one consequence of this rationalisation, the commodities falling in the residuary item 68 of the excise tariff will be

grouped along with other commodities in appropriate sections, thus removing one of the main causes of present classification disputes.

6.7 At present the Central excise tariff is characterised by a large range of nominal rates coupled with numerous exemptions granted through over 500 notifications. These exemptions will be systematically reviewed with a view to eliminating those which have become unnecessary. As part of this exercise the large number of exemptions which differentiate duty levels according to the end-use of a product will be progressively reduced over time. Such end use exemptions complicate the tariff structure and are often open to abuse. The Government will also work to reduce the number of basic rates of duty in the Central excise.

6.8 Further ad hoc or special exemptions will not be granted in future except under very compelling circumstances. In those rare cases where exceptions are made there will be a "sunset rule", which will cause the exemption to lapse automatically after say three years. In this way we will ensure that the Central excise tariff does not again become cluttered with numerous special provisions and exemptions.

6.9 Taxation of inputs (raw materials, components and other intermediates) generally distorts the production structure, results in "cascading" of taxes and makes it very difficult to assess the distribution of the tax burden across different sections of society. A major element of the programme of reform of indirect taxes will be to progressively relieve inputs from excise and countervailing duties.

6.10 The most comprehensive and theoretically appealing way of providing set-offs for taxation of inputs is to adopt value added taxation (VAT) in place of the present system of domestic indirect taxes. However, a number of formidable practical considerations, including the problems of incorporating the Sales Taxes of States into a Centrally administered VAT, militate against such a solution.

## Progress possible

6.11 Nevertheless, considerable progress can be made towards relieving inputs of taxation without adopting a full-fledged VAT. Indeed, some movement in this direction has already taken place. Under the present system of excise taxation, relief from input taxation is available in three ways. First, all inputs from tariff item 68 are eligible for set-off, provided the inputs are used in the production of excisable commodities. Second, under Rule 56-A within each tariff item duty paid on inputs within the same item is available as proforma credit. Third, there are a number of other provisions granting duty relief for specified input used in the production of selected excisable commodities.

6.12 It is intended to greatly expand the scope of the provisions for set-offs for excise and countervailing duties paid on inputs with a view to coming as close to a generalised set off excise (and countervailing duty Tax) taxation of inputs as is administratively feasible. The basic approach will be to move towards an extension of the present system of proforma credit to all excisable commodities with the exception of a few like petroleum, tobacco and textile products. This programme would amount to a modified system of VAT, or "MODVAT" for short. The programme will be implemented in a phased manner over a period of years, taking due account of the revenue implications, the need to revise administrative procedures and the lessons from the experience gained in the early stages of the reform.

## Haves to share more burden

6.13 It must be emphasised that the MODVAT programme is intended to be broadly revenue neutral. It is not the purpose to use MODVAT to give substantial net reliefs on excise. The loss of duty on inputs will be recouped through higher excise taxation of final products. Indeed, shifting the effective burden of excise taxation away from inputs and on to final products is at the heart of the proposed reform. Aside from reducing distortionary effects on production and thus increasing the competitiveness of Indian industry, the shifting of excise to final products will help in tailoring excise duties in such a manner that the well-off bear a higher proportionate burden than the poor.

6.14 As we progress towards a generalised system of relief on input taxation, it will be necessary to coordinate this move with the fiscal concessions to small scale industries (SSI). At present, input purchases from SSI do not qualify for the set-off for the good reason that excise is not generally paid on them. Introduction of MODVAT will require further rationalisation of excise concession to SSI units and other excise exemptions. This will be done in a phased way.

6.15 An established feature of our excise duty structure is the concession schemes for small scale producers. These have been granted in recognition of the employment potential of the small scale sector and also the vital role of this sector in our industrial development. The eligibility criteria for exemptions and concessions to small scale units have varied over time. However, the multiplicity of the criteria has been reduced considerably in recent years and there are at present two major schemes of concessions for the small scale sector, namely (i) A general scheme applicable to specified groups of commodities and (ii) for commodities coming under tariff item 68 of the excise tariff. There are also a few special schemes applicable to particular commodities.

6.16 Government attaches high priority to growth of small scale industries in view of their employment intensity, particularly in traditional sectors. Fiscal policy, will continue to encourage growth of this sector through excise concessions. An important objective will be to provide an environment for growth of these industries, while at the same time, ensuring that tax concessions are not used as loophole by large scale units for abuse. The modifications made in the last budget were designed to remove the disincentive for growth and promote efficient expansion of the small scale sector.

6.17 The recently submitted report of the technical study group on Central Excise tariff has identified certain areas for further reform. For example, it has been noticed that a large number of small-scale units had been set up by large companies solely to avail of concessions for small-scale units without adding significantly to employment or output. It has also been noted that the vast majority of small-scale units (over 90 per cent) have investment in plant and machinery of less than one lakh rupees. In respect of such units, it is particularly desirable to ensure that the fiscal environment is conducive to their growth.

The report of the technical study group is under the consideration of the Government and changes in respect of the small-scale sector as well as other areas of excise will be announced as necessary. As a step towards simplification of the existing concessions, the Government also intends to move towards a uniform system of excise concessions for all commodities, irrespective of the tariff classification.

6.18 A high rate of growth of exports is necessary to enable us to pay for essential imports, to reduce external borrowings and thus strengthen self-reliance. The present scheme for duty drawbacks (of both excise and customs) for exports is somewhat cumbersome and leads to long delays in the settlement of claims. Much of the complexity arises from having brand rates, instead of a generally accepted rate for each industry as a whole.

6.19 It is proposed to drastically simplify the drawback scheme by eliminating the option of brand rates and operating the scheme solely on the basis of industry-wise rates. In order not to penalize export production, we intend to err on the side of generosity in assessing the average drawback rate that will be applied to each industry.

6.20 An important advantage of industry based drawback rates is that they benefit those firms which economise on the use of dutiable inputs and penalise those that do not.

## Reducing excise arrears due to litigation

6.21 In recent years there has been an enormous increase in litigation relating to excise cases. Collection of thousands of crores of rupees of excise have been held up because of litigation. Many of these cases relate to disputes over classification and valuation of goods for purposes of excise. A large number is also due to certain provisions in the Central Excise and Salt Act, 1944 which lead to retrospective application of decisions regarding valuation and applicable rates of duty.

6.22 In order to curb these problems, the Government proposes to establish an appellate tribunal under Article 323 D of the Constitution to deal with all matters concerned with payment of customs and excise duties. The procedures of the tribunal will be designed to ensure speedy settlement of all assessment disputes. Furthermore, it is proposed to amend the excise law to lessen the scope for retrospective change in rates of duties and valuation of goods. These steps should reduce litigation and will also impart greater certainty in the administration of indirect taxes.

### Ad valorem versus specific duties

6.23 Economic analysis generally favours ad valorem rates of duty, but in recent years, problems of evasion and related administrative exigencies have led to the replacement of some ad valorem rates by specific ones. An important handicap of specific rates is that their revenue yields do not keep pace with inflation. In this way the existence or proliferation of specific rates of duty tends to weaken the built-in revenue-raising capacity of the tax structure. Recognising that administrative considerations will call for continued levy of specific duties in many instances, it is proposed to institute a system whereby specific rates are periodically revised upwards keeping in view the price increase.

## B. Restructuring of Customs duties

6.24 The basic thrust of customs tariff reform will be to place increasing reliance on tariffs to regulate imports and progressively reduce the role of quantitative restrictions in this regard. The move in this di-

rection should increase revenues, encourage less import-intensive forms of production, moderate the unjustifiably high protection granted by quantitative restrictions to certain industries and reduce the delays and uncertainties associated with the administration of import licensing.

At the same time, tariffs need to be tailored to reduce the enormous multiplicity of nominal and effective rates of protection conferred by the customs tariff structure. The reformed tariff structure also has to balance the advantage of cost reducing pressures from import competition against the need for adequate levels of protection for domestic industry and the necessity to earn and ration scarce foreign exchange and the need for revenue.

6.25 In carrying out tariff rationalisation, it is important to distinguish between the following broad categories of imports:

Capital goods, raw materials, other intermediate goods (including components and so-called "universal intermediates"), essential consumer goods, food-grains, edible oils and life saving drugs and non-essential consumer goods.

Furthermore, in outlining a desired tariff structure for these categories of products, we must appreciate that in many cases the transition to the desired tariff rates will have to be phased over several years to avoid undue disruption of domestic industry.

6.26 Ideally, in the long-run, there is a strong case for subjecting all capital goods, raw material, components and other intermediate products to the same rate of nominal tariffs. This system, if it could be implemented would have several important advantages. First, the substitution of the present multiplicity of nominal tariff rates by a single rate would constitute an enormous simplification for both trade and industry as well as for the customs administration. Second, this would vastly reduce incentives for misclassification of imports to evade taxes. Third, a single nominal rate of import duty would assure a uniform rate of effective protection (that is, protection of value added) at different stages of production of intermediate and capital goods. This would encourage the economy to specialise in those activities in which it has competitive strength.

### Text incomplete

## Newsprint exempted from auxiliary Customs duty

NEW DELHI, Dec. 19.

The Government today exempted newsprint from the whole of the auxiliary Customs duty. A notification for the purpose was laid on the table of both Houses of Parliament by the Minister of State for Finance, Mr. Janardhana Poojary.

The revenue sacrifice involved in the measure is Rs. 5.9 crores in a year.

With the amendment of an earlier notification, the imported newsprint will be leviable to basic duty of Customs at the rate of Rs. 550 a tonne.

The imported newsprint will continue to be exempted from the additional duty of Customs.—PTI.

Interview with Finance Minister

New Delhi PATRIOT in English 20 Dec 85 p 4

[Interview with Union Finance Minister Vishwanath Pratap Singh with PATRIOT]

[Text]

**Patriot:** Since you presented the Union Budget, an intense debate has been going on in the country. Quite interestingly, it does not seem to be on whether the policies and measures you proposed are right or wrong, but rather on what exactly those policies and measures are. Some think the Budget will open up the economy a lot; others call it pro-rich; yet others say there are many measures for the working people. Will you explain briefly these fiscal measures?

**V. P. Singh:** A very pertinent question. And that is the basic debate that is going on. First, so far as basic policies are concerned, the foundation laid down by Jawaharlalji, further cultivated by Indirajji, consisted of self-reliance, of the public sector being the hub of the economy and of poverty eradication.

There is no change in these priorities either, but this is what has got a little confused. People thought that perhaps there was scope for weakening on self-reliance in the liberalising of the import policy; and that giving tax concessions or boosting private sector investment might perhaps dilute the public sector. I want to discuss this, because the government's perceptions on these cardinal things remain the same; they are based on objective Indian conditions.

Take self-reliance, with import substitution, within the constraints of foreign exchange. There cannot be any alternative policy option to this, or else you would open yourselves up to foreign money flow with all its unacceptable conditionality. We have made this very clear even in the World Bank and IMF.

Come to the public sector. There were and are core sectors of the economy in which growth is

not possible with just market forces. Private capital was shy and even unavailable; so we need state initiative. Again, that perception has not changed, and indeed, that is how we have kept much of the multi-nationals up—because of our strong public sector.

Then poverty. We are firm that the central theme has to be poverty and poverty elimination. This has to be the top on the list.

Returning to liberalisation and the opening of the economy, we do not see ourselves as being for liberalisation right across the board. Liberalisation is a question of the pocket. What do we want? Is there a critical gap in production, or a highly sophisticated technology we don't have but need to boost exports? Only to that extent do we need liberalisation. The Prime Minister has gone on record to state that by technology what he perceives relates not only to industry but also to agriculture. Biotechnology could go a long way to improving the farmer's lot. We need added weapons to deal with the problems we are facing. Liberalisation is in that context. We have been careful; we have had a very prudent policy so far as foreign borrowings and balance of payments were concerned. We intend to continue that.

We cannot have open-ended import of consumer goods or luxury items. But we want a little more than internal competition. There is no mincing of words on that. We feel that with too much of the licence quota system, the licensee gets access to our institutional finances and our foreign exchange. Armouring him with all these things, we virtually eliminate any of his competitors, and enable him to make unjust profits running economically unviable units.

Now the time has come to expose ourselves to new challenges so that consumers get better quality at lower prices. Our system ensures the profit of the capitalist, but competition that works is for the consumer. So long as we have a mixed economy, we want both to be helpful, because the health of one party is the health of the other, and the sickness of one is transmitted to the other. They have become major markets to each other.

We have seen in the country that much of the industrial activity is generated by public sector spending and government spending. The concept here is to have both healthy. That is what we have attempted. It should not be taken as a signal that we are diluting public sector.

In fact, in the seventh Plan, the allocation is higher in the public sector than in the sixth Plan. The commitment to the public sector is there. The simple fact is that out of Rs 1,80,000 crore, Rs 35,000 crores is to come from public sector. We cannot afford to neglect it. If the public sector does not perform, we do not have a seventh Plan. It's that important.

**Patriot:** Well put. Now, arising from these, there are three or four other questions....

**V. P. Singh:** May I add a point about the Plan being pro-rich. That was your contention, and I think I should have clarified it. This is being said mainly because of the tax concessions. But we now have figures for six months of tax revenue. Let's have a look. The total tax revenue till October is 21 pc higher than last year. The budget estimated only 12 pc. Significantly, on the direct tax side, where concessions were assailed, we are 27 pc higher. So that point of the debate is clinched by our revenue realisation. Even the rich were

not following the law of the land; we have ensured that they do.

And of course, we made labour dues *pari passu* with security. That is a basic, radical link; putting labour as equal to capital when it comes to shares. Then the stock option scheme; that is new. Five per cent of new capital issue must be offered to labour. That is a voluntary scheme.

We have protected industrial labour 101 pc. D.A. for industrial areas was Rs 1.30. Today it is Rs 1.65. Bonus used to be up to Rs 750. Now we have Rs 1,600, eligibility up to Rs 2,500. Retrenchment compensation allowance exemption on income tax, whose limit was Rs 20,000, is now Rs 50,000. And if it is under the Labour Ministry, then full exemption. Crop insurance; social security schemes; and a whole package for the working class, pensioners and so on. With tax concessions that have been given, hardly any blue collar worker will now be a tax payer. This is the whole package.

**Patriot:** During the last six months, trade deficits and imports have increased, but exports have not. The balance of payments situation is not very good. Given the present situation on concessional aid flows, the country, it seems, may be forced to go in for commercial borrowing. How do you see the situation during the next five years?

**V. P. Singh:** You are right in some of the problems you pointed out. Specifically I must say that even during the sixth Plan, many people predicted that we would run into a foreign exchange debt problem. But we somehow managed not to. Well, I am quite confident that we will again manage it in future. At the same time, we cannot be complacent and close our eyes. We have to address ourselves to the problem and chalk out our policy. One part, of course, is our commitment of our foreign exchange to the IMF. Then oil, which was our main foreign exchange saver in the sixth Plan. Perhaps its production rate will not be maintained at the same rate in the seventh Plan. Well, the demand will be going up. So there will be an outflow of foreign exchange on that account.

Concessional flows are drying up, and there is a rush of commercial borrowing. In this scenario we will have to be very very careful about current payments, and for this I think we will have to have a strategy. The country has always taken the stand that conditionalities will be resisted.

We have to evolve our strategy to boost exports. I will not take the present period of six months as absolutely representative on exports because the monsoon season does depress figures. We should compare this year with last year's non-oil exports, because we have been exporting oil for a few years. I will wait a little more before we really make up our mind.

But whatever the figures, we have to make a very positive drive based on them. On the import side, we have to see which raw materials and capital goods are really necessary for us. We will also need a strategy of sources of energy

other than oil, where we could conserve our foreign exchange. In this year, an increase of Rs 1,500 crore is projected in petroleum and crude oil products.

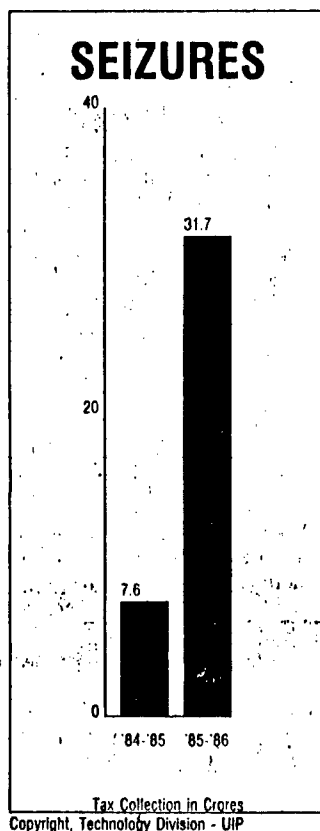
On bulk imports, we need two strategies. One is for agricultural commodities like sugar and edible oils. We need a policy framework and it is possible within this Plan, or within a year or two, that we substitute imports on the agricultural side. For a short period it may even mean a rise in prices of these commodities. But, at the same time, it provides impetus to the farmer which, if transmitted, may cause a relative shift of production.

We have wheat, which has a surplus problem; on the other hand, we are importing edible oils and sugar. Our strategy might take care of both the problems, excess of wheat and the shortage of edible oils. We have to go in for a little period of criticism, and I am ready to go through it. When the long term interests of the country are concerned, it is not worth saving one's skin.

The other strategy is for areas like fertilisers and steel imports. We must concentrate on increasing the capacity utilisation of our fertiliser plants. On steel, there should be diversification into those items which we are importing. Our import should be restricted to what we need and according to our pocket.

I'd like to add that liberalisation is linked up with imports. As much as 70 pc of them are our bulk items of imports—petroleum and petroleum products, edible oils and non-ferrous metals. But out of the remaining 30 pc, even if half is needed for the industry, the debate reduces to 15 pc of liberalisation. We only have to see that this 15 pc does not lead to mindless growth; if it hit 20 or 25 pc or something like that, it could become harmful.

**Patriot:** In industry, an impression is growing that now the government will be willing to allow any imports because those imports are necessary given the production targets.





**V. P. Singh:** We will have to tell the country our overall constraints on the foreign exchange we can afford to spend on imports. For a short time, certainly, we can manage a little intake of imports. It may look as if the trade gap has gone up. But finally it builds our exports, finally we make it up. It gives the production base an increase. That happens with every country when it starts developing, when it starts importing capital goods. But we have to judge it finely. We do have to tell the industry that. 'Well, there are limits to which we can go.'

**Patriot:** Now coming back to within the country, how do you see the problem of resource mobilisation for the seventh five-year Plan. There is some anxiety, though everyone is happy that finally the Plan size has been maintained at Rs 1,80,000 crore. But there is anxiety in some areas that the government may have to take additional measures to raise resources.

**V. P. Singh:** I have gone through these details. The Plan expects various agencies to contribute to the resource pool of Rs 1,80,000 crore. So far as tax efforts are concerned, I have no doubts: they will be able to raise the amount allocated by the Planning Commission. And out of this, very important is the contribution by public sector, i.e., Rs 35,000 crore. If that is not forthcoming, the Plan will get affected. We have to concentrate on the public sector, we have no choice. Otherwise we'd get into deficit financing, inflation, and the whole cycle would restart.

Of course, we also have to attend to the States' contribution to the Plan. The States' elasticity of revenue-raising has been greater than the Centre's. In the sixth Plan, all the States exceeded their additional revenue targets. Their problem is the erosion of resources: State electricity boards, transport corporations, non-plan expenditure, and so on. They will have to place checks on it, and improve their performance.

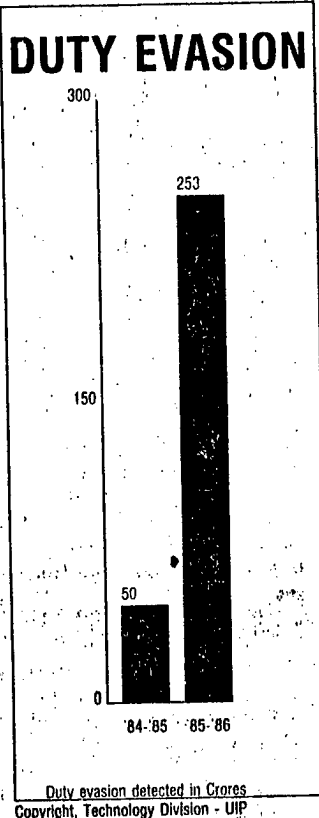
**Patriot:** A question for the common people, whose indicator is the price graph. How do you see the management of the price situ-

ation during the next few years, while we are handling these problems?

**V. P. Singh:** On price, we have to go into two or three exercises. One, of course, is on the supply-demand side. For instance, sugar and edible oils, which I mentioned earlier. These basically cannot be managed by fiscal policy or taxes. Basically, it is a production problem. We will have to evolve a set of policy measures, which boost production. That is a major problem; and we should do that.

On the distribution side, sometimes we have stocks and yet because of distribution bottlenecks or distortions, the spot price goes up. We have to strengthen the public distribution system, and coordinate movement even outside the public distribution system.

Sometimes, prices are high not



because of the industry's structure or size. Man-made fibres are a typical example. Here, allowing

expansion is the only way to reduce the prices.

There are difficult areas where the choice has been wrong. On a strategic metal like copper, our decision has led to its costing 200 pc higher than the international cost. Having made this investment, I do not find any immediate solution for coping with it. We have to try to protect those high prices. But the whole economy has faced it across the board, which is not very fair.

Then there are areas where under the name of import substitution, a very high percentage of the component is being imported. The real foreign exchange saving is very low, but because it is being assembled here, it has the facade of being indigenous. I think we will have to attend to this area also.

Now coming to the fiscal policy, the impact of tax, administered prices, money flow, deficit. On tax, we are going to come out with a major reform of rationalising indirect taxes which has a cascading effect on prices. We tried to moderate tax, say a tax system, a policy on raw material lower, intermediate then higher and custom duty, some sort of a relationship we want to evolve. So with this, the indirect tax side raised its path. We are very clear; it will have to be phased, because revenue loss cannot be taken in one year.

On the direct tax side, we intend to increase the total revenue, which has come down. The direct tax ratio will increase, which is not necessarily the same as raising the tax rate but rather greater utilisation. On administered prices, every ministry separately decides its prices: coal, steel, power, railway. I have requested that we should all sit together and discuss what will be the effect of one on the other. Coal raises its prices, power goes up; that pushes up railway freight; which again pushes up coal. We are also requesting that they should give us a projection for five years.

Our study shows that if you raise a fund by deficit financing rather than a price rise, it is four times as inflationary. But the

public perception of the price route is much greater, because a price increase is immediate. So a price rise is a better mechanism when real cost, wages or some raw material input has gone up.

At the same time, inefficiency should not be passed on to the public sector over the consumer. There should be a normative assessment of real cost and efficiency, and up to that extent if there is a rise in wages, or the cost of any input, the public sector should be allowed to raise the price. But if it is to cover up the cost of inefficiency, that should not be allowed to be transmitted. To that extent, we can subsidise the public sector. So far as deficits are concerned, we will try to keep it very tight. Only Rs 14,000 crore as deficit has been spelt out by the Planning Commission on current 1984-85 prices. We will try to hold to that. But a lot of expenditure will have to be pruned. We do have an eye on money flows, and they have been within the limits this year.

**Patriot:** Two measures have been subject of debate for a long time. One is the expenditure tax and the other is the question of mobilising resources on the agricultural sector. Do you have some comments in regard to the second one?

**V. P. Singh:** We have set up a committee to go into expenditure tax. We do not want to go into taxation which means more harassment. Expenditure tax does not mean that every one has to

produce vouchers for his expenditure. That would mean that on the one hand you simplify and on the other side you complicate. So the government had not taken a decision. But even when you set up a committee, it means you don't think there is nothing in it. I feel that in some manner there should be a little dampener on expenditure and a push towards more savings.

For savings, we have incentives. Correspondingly, spending carries disincentives. Of course, if you spend on investment there would be exemptions.

About agricultural tax, one aspect is practicality. Villages are spread out all over. Even if we set a limit on those who would be qualified for it, some inspector would have to go checking incomes. We would perhaps give more harassment than get more revenue. So that is why we have categorically said there is no agricultural tax. We are not thinking of agricultural tax. And anyway it is not a Centre subject as such, it is a State subject.

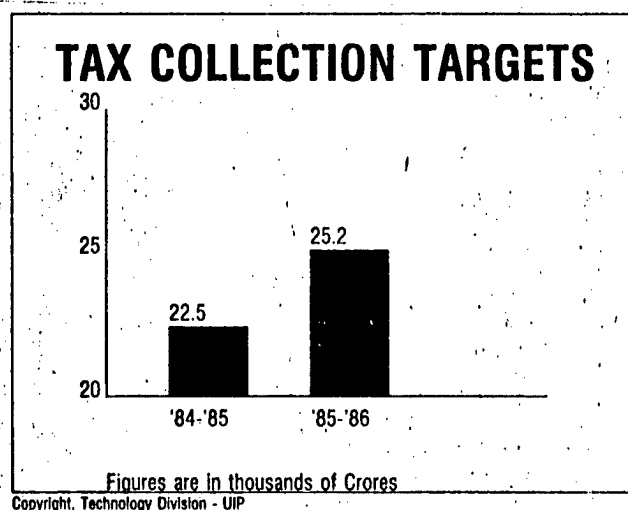
But we are certainly thinking of how savings in the agricultural sector could be brought in for productive investment, where the farmer could have a choice to invest his money and get a return. We've kept this in mind in the design of the power bond. One, we exempt it from wealth tax. Then also deductions will not be made at source. If there is evasion, cer-

tainly it can be detected. Channelising these savings into investments certainly is in our minds and we want to promote that. This is what we have, not an agricultural tax.

**Patriot:** Is there any other area where you would like to say something more to clarify the people's perceptions of the government's fiscal and economic policies?

**V. P. Singh:** I think a lot of perceptual cobwebs have been removed by action taken against tax evaders and black marketeers. Much of the impression that the government may be soft to big business has been removed. We are very clear: the basic economic commitments of the country since independence have not changed. And whatever we say on technology liberalisation, it is in the sense that obsolete technology will not take us anywhere. Even Socialist countries like Russia or China are adopting new technology and going for the best. Does it mean that they are selling themselves to the multinationals?

If we have to retain our freedom we have to earn foreign exchange. And in the competitive world market, we are faced with competitors with better technology. We have to deliver the quality and competence our competitors are selling. That is our compulsion.



INDIA

RESERVE BANK REPORTS PROGRESS DURING 1984-85

Calcutta THE TELEGRAPH in English 21 Dec 85 p 6

[Text]

New Delhi, Dec. 20: The Reserve Bank of India's report on trends and progress of banking in the country in 1984-85 (July-June) says the banking scene was marked by a sizeable accretion of deposits, a dramatic expansion in food credit, and a thrust for achieving priority sector lending targets.

The movements in banking aggregates have to be viewed in the context of two basic factors, namely, growth in real national income and the rate of inflation. According to the preliminary estimates, the growth rate in real national income during 1984-85 (April-March) was in the range of 3.5 to 4 per cent. On the price front, there was a welcome deceleration in inflation.

Aggregate deposits of scheduled commercial banks showed a larger rise in absolute terms of Rs 11,753 crores in 1984-85 (July-June) compared to a rise of Rs 10,581 crores during the pre-

vious year. The growth rate, however, declined in nominal terms to 18.2 per cent in 1984-85 from 19.6 per cent during the previous year. This deceleration has, however, to be viewed in the perspective of a significantly lower rate of growth in real national income as also a relatively lower inflation rate in 1984-85.

The expansion in bank credit during 1984-85 (July-June) was much lower than in the previous year, both in absolute and percentage terms. Bank credit expanded by Rs 6,995 crores or by 16.0 per cent in 1984-85 compared to Rs 7,607 crores or by 21.2 per cent in 1983-84. A marked feature of credit trend in 1984-85 was a decline of Rs 312 crores in bank credit during the quarter July-September 1984. This was in contrast to a rise of Rs 771 crores during the corresponding quarter of 1983-84. The decline was entirely due to larger decline in food credit.

Credit expansion during April-June 1985, at Rs 1,895 crores, was sizeably lower than that witnessed during the corresponding quarter of 1984. This was largely attributable to much smaller expansion in non-food credit. The outstanding level of food credit reached a peak of Rs 6,700 crores on June 21, 1985, thanks to the swelling of foodgrains stocks with the public sector agencies following two successively good procurement operations during rabi 1984 and kharif 1984-85 seasons. At this level, food credit formed 13.5 per cent of total bank credit. It may be added that the previous peak of food credit at Rs 5,238 crores reached on June 29, 1984 formed 12 per cent of total bank credit.

It may be recalled that during the past three years broad money (M3) has expanded at the average annual rate of 17 to 18 per cent, whereas the growth in real national income was below 5 per cent per annum.

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INDIA

DELHI ANNOUNCES TRADE GAP NARROWED IN 1984-85

Calcutta THE TELEGRAPH in English 22 Dec 85 p 4

[Text]

New Delhi, Dec. 21: There has been a welcome reduction in India's adverse trade balance during 1984-85, with the trade gap of Rs 5,891 crores during 1983-84 declining to Rs 5,319 crores.

Exports during the last financial year had totalled Rs 11,494 crores, as against imports of the order of Rs 16,813 crores. The target for exports during 1984-85 had been fixed at Rs 11,127 crores, which has already been exceeded. It was for the first time that the value of India's annual exports had crossed the Rs 10,000-crore mark, an official announcement said here today.

The total export target for the current financial year (1985-86) has been fixed at an ambitious level of Rs 11,736 crores. For non-oil exports, the target is Rs 11,266 crores. In this context, it may be observed that exports of crude oil are expected to decline sharply during this year with the development of indigenous refining capacity for Bombay High crude. It is expected that the growth in non-oil exports during 1985-86 would be more than 15 per cent. There was a significant increase in the balance of trade deficit during the first four

months of 1985-86, which was to some extent due to the bunching of imports in certain important sectors like fertilisers and sugar. This trend is not likely to continue any more.

The commerce ministry has initiated a number of steps to improve the country's export performance during the Seventh Plan period. The current year's import-export policy was itself an important step in this direction. This policy will be valid for three years. It aims to strengthen export production by providing easier access to imported inputs.

As many as 201 industrial machinery items have been placed under the open general licence (OGL) category. These include machinery for leather, electronics, automobile, textile and oilfields industries. The monopoly import privilege enjoyed by public sector companies in respect of 53 items has been eliminated.

From October 1985 onwards, new procedures have become effective, permitting exporters to gain duty-free access to imported inputs. Access to foreign technology, subject to prescribed cost limits, has been liberalised for trading and ex-

port houses and specific industries.

Export processing zones are nearing completion in Madras, Faltā (West Bengal), Noida (Uttar Pradesh) and Cochin. The first three are likely to begin functioning within this year. Transport facilities are also being improved for the export sector. Inland container depots are already operating in Bangalore, Delhi, Coimbatore and Guntur. Such depots are also being set up at Ludhiana, Guwahati and Ahmedabad.

Measures have also been taken to improve the institutional set-up for export promotion. An Agricultural Exports Development Authority is also being established. In order to facilitate expeditious disbursement on duty and draw-back claims, a simplification of the procedure has been initiated.

To contain the adverse balance of payments, strict priorities for imports have been suggested in the Seventh Plan. These priority areas include foodgrains, oilseeds, petroleum and petroleum products. India's output of foodgrains and crude oil has already increased significantly.

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CSO: 4600/1323

INDIA

## EFFECTIVENESS OF CAMPAIGN AGAINST TAX EVASION QUESTIONED

Madras THE HINDU in English 26 Dec 85 p 1

[Article by G.K. Reddy]

[Text] New Delhi, Dec 25--Many top industrialists in the country accused of tax evasion in the past are trying to make a collective approach to the Government through some of their business colleagues who have close political or personal contacts with those in power with promises of better compliance in future if the pending charges against them are settled privately without raiding their premises, seizing unaccounted assets and subjecting them to public humiliation.

The scions of the big business houses who have been competing with one another in their praise for the Prime Minister, Mr Rajiv Gandhi's policy of liberalisation, are complaining bitterly of victimisation and even discrimination by his Government in the name of curbing tax evasion, which is sought to be explained away with the alibi that they were compelled to resort to many malpractices to meet the insatiable demands for political donations.

Passive resistance: A few hotheads among them have been talking privately of some sort of passive resistance in the form of non-cooperation with the Government in stepping up production to create enough economic dislocation through contrived shortages to make those in authority adopt a more tolerant attitude towards them.

But most of the industrialists who are more interested in preserving their privileged position do not want to say or do anything that could be misconstrued by the Government as a challenge to its authority amounting to a threat of confrontation that could adversely affect their interests.

So the new approach that is being made to the Government includes a readiness to cough out a part of the black money accumulations if the offending business houses are spared the ignominy of raids and seizures and given a chance to arrive at a private settlement of tax dues on their concealed incomes. In other words, they are pleading for a suspension of further raids as a prelude to a summary assessment of all pending charges of past evasion, so that they could comply with the tax laws more scrupulously in future.

Promises of better behaviour: The Finance Minister, Mr V.P. Singh, who has initiated the new drive against tax evasion with the full support of the Prime Minister, is not giving in easily to these promises of better behaviour in future, unless the big business houses are prepared to make a clean breast of their concealed incomes and make due amends for their past violations.

He is determined to keep up the pressures on them until the enforcement agencies have completed their investigations, leaving the offenders with no easy escape from their tax obligations.

Mr V.P. Singh is quite confident of achieving the desired results with his carrot-and-stick policy of making life a little easier for the honest taxpayers while putting the fear of god into habitual offenders who have amassed over the years enormous fortunes through continued tax evasion. He hopes to end the current financial year with an additional revenue collection of anywhere between Rs 2,000 crores and Rs 3,000 crores to narrow down the budgetary deficit.

According to the latest figures available here, the income-tax and excise authorities have raided in the last few months as many as 28 leading business houses, the residences and office premises of 92 builders, brokers, jewelers, money-lenders and travel agents, 124 smugglers and foreign exchange racketeers, 142 drug peddlers and 118 professional men like chartered accountants, architects, doctors, lawyers and tax consultants. In addition, 74 Grade I Government servants have been prematurely retired, 22 dismissed from service and 32 being prosecuted on charges of corruption.

Permissive atmosphere: It remains to be seen whether the permissive atmosphere that has been allowed to prevail for so many years can be purified and rendered less repugnant through a vigorous drive against tax evasion and corruption without a sustained catharsis at all levels of society from the top political hierarchy down to the lowest rungs of retail trade and local administration.

It cannot be done through a selective approach with a well publicised drive for a cleanup of the more obvious pockets of ill-gotten affluence which have managed to survive similar crackdowns in the past.

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CSO: 4600/1316

INDIA

## MEASURES TO LIBERALIZE INDUSTRIAL LICENSING ANNOUNCED

Madras THE HINDU in English 26 Dec 85 p 1

[Text] New Delhi, Dec 25--A fresh set of measures liberalising industrial licensing, including relaxations under the Monopolies and Restrictive Trade Practices (MRTP) Act was announced by the Union Government today.

The steps were officially described as a continuation of the recent policy initiatives to relax and simplify licensing rules and procedures in order to accelerate industrial development in the country.

Some time ago the Government had delicensed 25 broad groups of industries and 82 bulk drugs and related formulations for non-MRTP and non-FERA (Foreign Exchange Regulations Act) companies, subject to protection of items reserved for the small-scale sector and to locational considerations. In May, the Government also granted exemption to 27 industries from the provisions of Section 22 (a) of the MRTP Act. This meant clearance from the MRTP Commission was not needed if the promoters of such industries were non-MRTP and non-FERA companies.

MRTP, FERA units to benefit

Today the Government announced that even MRTP and FERA companies will not need a license to manufacture 22 out of the 27 products notified in May if the industries are located in areas declared backward by the Centre.

Among the 22 industries now delicensed are automotive vehicles and their components, pollution control equipment, cement, pig iron, castings and forgings, alternative energy devices and systems, transmission line towers and electronic components and equipment. The five industries to which the relaxation will not apply are inorganic fertilizers, drugs and drug intermediates, newsprint, Portland cement and motorised four-wheelers.

Simultaneously, the Government added 17 new items to Appendix 1 of the Industries (Development and Regulation) Act which enumerates high-technology areas where the MRTP and FERA companies are allowed to set up new units or go in for a substantial expansion of existing capacities.

These include glass shells for television tubes, industrial synthetic diamonds, pre-fabricated building material and optic fibre. Steel-welded pipes of over 300-mm diameter and stainless steel pipes, pig iron, generating sets and pumping sets based on internal combustion engines, jelly-filled telecommunication tubes, energy-efficient lamps, midget carbon electrodes, shock absorbers for railway equipment, brake system for railway stock and locomotives, high-pressure braided hoses, engineering and industrial plastic products, welding electrodes other than those for welding mild steel and extraction and upgradation of minor oils are the other items in the list.

#### Export obligation

The MRTP and FERA companies are also allowed to venture into industries not included in Appendix I, usually on the undertaking to export a part of their products. The export obligation was 60 percent of the product until 1983 when a relaxation was made for units located in notified backward areas. Following this, the export obligation was reduced to 30 percent for the MRTP and FERA units located in Category A backward districts, and to 50 percent in Category B and C districts.

The Government has now abolished the export obligation in respect of units in Category A backward districts and reduced it to 25 percent for units in Category B and C districts.

#### Capacity re-endorsement

The rules relating to the re-endorsement of capacity on the industrial licence have also been further liberalised.

In April 1982--which was declared as Productivity Year--the Government announced that the capacity indicated on a licence would be re-endorsed on the basis of the highest production achieved in any of the preceding five years plus one-third thereof, provided this was in excess of the licensed capacity by 25 percent. In other words, the facility was available to units which utilised their licensed capacity to the extent of 94 percent. But it was not applicable to the items reserved for the small-scale sector and to another 10 items subject to special regulations and 66 items subject to capacity constraints.

In respect of the MRTP and FERA companies, the capacity re-endorsement facility was available only for items enumerated in Appendix I. In respect of drugs and pharmaceutical units, the facility was subject to the stipulations contained in the drug policy. The scheme was in operation till March 31 last, and during this period 358 industrial units had taken advantage of it.

With a view to ensuring that industrial undertakings are able to increase their production without impediments, the Government has now decided to re-introduce a modified and more liberal scheme for the Seventh Plan period.



Under the modified policy, all industrial units which utilised 80 percent of their licensed capacity during any of the five years preceding March 31, 1985 will be entitled to re-endorsement of capacity to the extent of the highest production achieved in any of these years plus one-third thereof. Similarly, the industrial undertakings whose production has exceeded the re-endorsed capacity will be eligible for further re-endorsement.

But the re-endorsement facility too, will be subject to certain conditions. It will not apply to items reserved for the small-scale sector or to 21 identified industries which face acute shortage of raw materials or infra-structural constraint, or are highly pollution-prone. Also, re-endorsement will not be granted to industrial undertakings located within the standard urban area limits of the metropolitan cities with a population of over 10-lakhs or within the municipal limits of cities with a population of over five lakhs.

The MRTP and FERA undertakings will be eligible for re-endorsement only in respect of in Appendix I industries and the scheme's applicability to drugs and pharmaceuticals will be subject to certain prescribed ratio parameters:

The thrust of the Government's present policy is on the licensing of industrial undertakings to achieve economies of scale. It feels that even after permitting an increase in capacity, the scales of operation will possibly still remain below economic levels. As such, the Government has decided that industrial units willing to take advantage of the economic scales of operation will be free to approach it with such requests. These requests will be granted automatically.

The Government will shortly announce the industries where capacities can be licensed at the economic levels of scale. The requests for increasing capacities will be automatically considered with reference to these scales subject to the specified conditions.

A simplified procedure will also be followed in cases where modernisation or replacement or renovation of the industrial units results in increasing the capacity up to 49 percent of the licensed capacity. The locational constraints will not apply in such cases.

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CSO: 4600/1316

INDIA

## DEFENSE LAB TO STUDY ANTIBODIES IN BHOPAL VICTIMS

Calcutta THE TELEGRAPH in English 7 Dec 85 p 4

[Article by Tania Midha]

[Text]

New Delhi, Dec. 6: In the absence of any known antidote for methyl isocyanate, the Defence Research and Development Establishment (DRDE), Gwalior, proposes to conduct detailed studies to find out whether the Bhopal gas victims have developed any MIC-specific antibodies within their system following the gas poisoning. The establishment is awaiting samples from Bhopal to conduct these tests. "From the defence point of view, this would not only prove extremely useful but is necessary in view of the fact that the wartime utility of MIC is now well-known and there is still no known antidote," sources said.

It is necessary to try and detect the presence of such antibodies, if any, in laboratory conditions as it is "highly unlikely" that it would ever be tested in a real-life situation through a recurrence of an MIC leak.

A preliminary research study conducted by the DRDE titled "The chemistry and toxicity of methyl isocyanate" says, "We looked at it as a stimulated chemical warfare situation and wanted to learn all we could."

The findings of even this preliminary research are revealing in that laboratory experiments have proven that MIC begins to dissociate into hydrogen cyanide at temperatures as low as 150 to 170 degrees Celsius, which is nearly 100 degrees lower than the break-up point of MIC projected by Union Carbide.

The DRDE has even fabricated an all-glass exposure chamber for inhalation toxicity studies with MIC. This chamber has been made with a 20-litre flat-bottomed flask with a flat flange joint at the top. The establishment has been conducting tests on one to four rats in this chamber at a time.

The Indian Council of Medical Research is also learnt to be taking the help of the DRDE in

conducting toxicity studies on MIC.

Interestingly, when the DRDE scientists arrived in Bhopal from Gwalior on December 5 last year, they were refused entry into the precincts of the Union Carbide factory. They, however, conducted immediate tests in the surrounding areas and one of their first observations was the absence of phosgene.

The defence ministry recently denied a report in the London Observer that defence laboratories in Gwalior were conducting tests on hydrogen cyanide. Sources pointed out that it was not hydrogen cyanide that was being tested, but methyl isocyanate. "There is no need to test hydrogen cyanide for its characteristics or try to find its antidote as both are well-known," the sources said.

It is also not a question of "cashing in on human misery," as the defence ministry spokesman stated, but these tests are an imperative defence need.

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CSO: 4600/1320

INDIA

## CENTER TO ESTABLISH NATIONAL CRIME BUREAU

Madras THE HINDU in English 3 Jan 86 p 1

[Text] New Delhi, Jan 2--The Centre has decided to set up a National Crime Record Bureau to ensure operational efficiency of the law enforcing agencies as recommended by the National Police Commission. Similar crime record bureaus are proposed at the State and district levels to collect information of crime and criminals. This setup will be headed by Mr S.K. Sharma, till now Inspector-General in the Central Industrial Security Force.

Underlining the need for immediate action at the State level, the Minister of State for Internal Security, Mr Arun Nehru, has in letters to Chief Ministers said the State bureaus should be headed by officers of the rank of Deputy Inspector-General of Police. The bureaus should comprise the State Police Computer Centre, the Modus Operandi Bureau, the Finger Print Bureau and the crime statistics wing of the CID.

The district bureaus, under the overall charge of the District Superintendent of Police or the Deputy Commissioner of Police, should be headed, on a full-time basis, by officers of the rank of Deputy Superintendent or Additional Superintendent of Police, depending upon the size of the data volume.

Could not deal with modern crimes: The National Police Commission had felt that the existing crime record system could not deal with modern crimes. Accepting its recommendation, the Home Ministry constituted a task force for setting up the National Crime Record Bureau and its report was approved by the Government.

The national bureau will store information on crime and criminals at the national and international levels. It will coordinate and disseminate information on inter-State and international criminals from and to respective States, national investigating agencies, courts and prosecutors in India.

Assist State bureaus: It will collect and process statistics at the national level and supply data to penal and correctional agencies for rehabilitating criminals, their remand, parole, premature release, etc. It will also coordinate, guide and assist the State bureaus.

The Government has accepted that the feeding channels of the national bureau are the State police organisations and certain other agencies at the State or at the Central level, charged with the responsibility of administration of criminal justice. Since the main objective of the national bureau will be to assist various law enforcing agencies and its success will largely depend on the functioning of the State and district bureaus, it will actively nurture the latter.

The national bureau will comprise the existing Directorate of Coordination (police computers), the Central Finger Print Bureau, excepting the staff concerned with the CBI, the data section of the Coordination Division of the CBI dealing with inter-State crime records and the statistical section of the Bureau of Police Research and Development.

Inadequate attention: In his communication, Mr Nehru said: "the organised and multifarious activities of professional criminals extending across the State and national boundaries have been engaging the attention of the Government of India for quite some time. The Centre has been financially assisting the States to modernise the police organisation to enable them to face the challenges. While this has had some impact on the police equipment, housing etc., the system of crime records has not received adequate attention at all levels. This is an area very vital to the operational efficiency of every law enforcement agency."

In another communication to Chief Ministers last month, Mr Nehru had stressed the need for rapid modernisation of the police and formulation of well-integrated welfare programmes for policemen. For this purpose he wanted the recommendations of the Police Commission to be implemented expeditiously.

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CSO: 4600/1339

INDIA

GOOD BUT REDUCED POTATO CROP FOR WEST BENGAL

Calcutta THE TELEGRAPH in English 27 Dec 85 p 6

[Article by Biren Pyne]

[Text]

Calcutta, Dec. 26: Potato output this year in West Bengal is likely to be 25 lakh tonnes against 27 lakh tonnes last year, according to information available from the districts. The prospects, however, depend on the weather, if it is not affected by rains in the peak harvesting time in January and February.

The likely fall in production by two lakh tonnes is attributed to a cut in the acreage this year, prompted by distress sales experienced due to overproduction last year. Heavy cash losses in jute is also reported to have served as a disincentive for taking further risks in potato cultivation.

The average area brought under potato cultivation during the last five years is 15 lakh hectares, the major part of which is in the district of Hooghly followed by Midnapur, 24 Parganas, Birbhum, Burdwan, Howrah, Murshidabad and Bankura. Potato is also grown in Malda, Jalpaiguri and Darjeeling districts in North Bengal.

There has been an impressive growth of this cash crop from 9 lakh tonnes in 1972 to 22 lakh tonnes in 1982-83 and further to 27 lakh tonnes in 1984-85. In a period of ten years West Bengal has gone from a deficit to a

surplus state in potato production. Apart from meeting its own demand of 15 to 16 lakh tonnes, it is now able to export about 8 lakh tonnes to neighbouring states like Assam, Orissa, Bihar and also to Andhra Pradesh. More significant, since 1982, there has been a sharp drop in imports from up country, states like Himachal Pradesh, Punjab and Haryana. In the past, these states used to supply about five to six lakh tonnes of potato every year to fill the gap in the state's requirements. This has now virtually stopped.

West Bengal's present production accounts for about 25 per cent of the total production of potato in the country estimated at about 100 lakh tonnes. This is perhaps the only commodity in the state's agricultural sector that leaves a sufficient surplus for exports and maintains a steady supply to the consumers round the year at more or less stable prices.

But all is not well about it. The problems being faced by the growers are many. While it is true that the existing cold storage capacity is sufficient to ensure protection against under-selling, the facility, however, is not waitable before February 15, when the cold storages open as per state government rules, for storage of potato from the prim-

ary producers. If the offtake of potato remains sluggish in the January-February peak period of harvest, the growers have to resort to distress sale as they did last year, and suffer heavy losses.

Second, as much as 30 per cent of their total production, according to cold storage circles is not suitable for storage because of being immature for storing. Diseased potato is very sensitive to cold.

The new crop has already started to arrive in the market, and is selling between Rs 2.50 and Rs 3 per kg depending on the quality. Though these are remunerative prices (much higher than those prevailing in the same period last year), informed sources are of the view that this may not continue in the coming peak harvesting time in January-February.

The capacity of the cold storages has gone up from 7.5 lakh tonnes in 1979 to 11.50 lakh tonnes in 1985. This capacity is distributed among the 190 units mainly located in the potato growing districts, of which Hooghly has the highest number, 71 of them. There is however, a correlation between potato production and capacity utilisation of cold storages as more than 80 per cent of their capacity is used by the potato growers.

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CSO: 4600/1318

INDIA

## FAILURE OF AUTUMN HARVEST MAKES RAJASTHAN VULNERABLE

New Delhi PATRIOT in English 5 Jan 86 p 6

[Text]

**Jaipur, Jan 4** — With the failure of the kharif crop, the position of the population, which in normal terms is at the subsistence level, has become more "vulnerable".

This was stated in an official note which was circulated by the Rajasthan Government at a meeting of members of both Houses of Parliament from Rajasthan and the State Cabinet held here today.

The meeting decided to constitute two working groups of MPs to monitor the works of famine relief and power. The conveners of the groups are Mr Vishnu Modi (famine relief) and Mr Bhuvanesh Chaturvedi (power).

The State has agricultural labour numbering 7.10 lakh and having work for more than six months in the normal times, marginal workers numbering 21 lakh, having work for less than six months in the normal times, small farmers numbering 8.83 lakh and marginal farmers numbering 13.17 lakh. The total of this vulnerable population comes to 50.10 lakh, the note said.

Last year the delayed monsoon, its improper spacing and its actual failure in the end, resulted in late sowing and the extensive damage to the crops.

On the basis of the 'Girdawari' (crop inspections) the Government declared 26,855 villages (out of 38,129 villages in the State) in 170 of 203 tehsils in 26 out of 27 districts as scarcity affected. The human population affected was 2.19 crore and the cattle population 3.05 crore.

This situation has greatly declined the purchasing power of the affected people. Out of the last five years four were scarcity affected. In 21 of the 26 affected districts, this is the second consecutive year of scarcity, which has added fuel to the fire.

In 19,589 villages the damage to the kharif crops varied between 75 and 100 per cent and in 7,266 villages the damage was of the order of 50 to 74 per cent.

For want of recharging, a large number of wells have either dried up or the level of water has drastically gone down. Similarly, while many irrigation tanks were not even filled at all, others were having water much below their normal levels. This has created a severe drinking water problem, both for human being and cattle. This has also affected the prospects of rabi crop, the note apprehended.

There is an acute scarcity of fodder all over the State, particu-

larly in the desert districts, severely affecting the cattle wealth which is the mainstay of their economy. The fodder prices have gone up considerably. Migration of cattle to neighbouring areas has also taken place. Sale of cattle at throw-away prices has also been reported.

The note gave details of various steps taken by the State Government to meet the situation and provide relief to the affected population.

These steps included opening of large scale famine relief works, staying of recovery of revenue dues, drinking water arrangements and cattle conservation.

The District Collectors have engaged 1.93 lakh labourers on relief works which have now been converted into NREP works. This was on 28 December last.

The note sought more Central assistance to enable itself to grapple with the situation more effectively.

● **Peasant participation:** For maximum utilisation of irrigation resources following heavy investments, a State level seminar on "participation of farmer in

irrigation management" is being organised here on 10 and 11 January.

Chief Minister Harideo Joshi will inaugurate the two-day seminar.

According to Mr C Kanjolia, chief engineer and director of the Irrigation Management and Training Institute, Kota, under whose aegis the seminar is being organised, the main objectives of the seminar would be to focus attention on deficiencies in the performance of irrigation system due to non-involvement of farmers in irrigation management, to identify spheres and scope where the farmers participation in irrigation management would result in better utilisation of irrigation system.

Established in August 1984 the Irrigation Management and Training Institute has organised 10 workshops on various topics related to water management at various places in Rajasthan. The institute is also imparting two months short term training courses to the in-service irrigation and agriculture officers.

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CSO: 4600/1346

INDIA

BRIEFS

TEAM REACHES ANTARCTICA--New Delhi, Dec 25--The fifth Indian expedition to Antarctica which sailed from Goa on November 30 last reached the icy continent at 11.30 last night. According to a message received by Dr S.Z. Qasim, Secretary in the Department of Ocean Development, the team had to face two days of difficult weather before reaching Antarctica. Led by Mr M.K. Kaul, Director of the Geological Survey of India, the 87-member team includes two women. A 15-member team led by Lt Col R. Pahuja will be left behind on the icy continent to carry out extended scientific assignments. The mission will conduct experiments on harnessing non-conventional energy, geological exploration, study of micro-organisms and the establishment of a permanent unmanned weather station.--UNI [Text] [Madras THE HINDU in English 26 Dec 85 p 1] /9317

DOCTORS TO NICARAGUA--New Delhi, Dec 21--The India-Nicaragua Friendship Society will send a team of 25 doctors, nurses and midwives to Nicaragua by the middle of next year to help out the Sandanista government, currently facing a U.S. backed insurgency movement. Announcing this here today, the society president, Mr S.S. Mahapatra, MP, said attempts would be made to mobilize public opinion against the U.S. policy. [Text] [Calcutta THE TELEGRAPH in English 22 December 1985 p 4] /9317

STRIKE AIRCRAFT DELIVERED--Hindustan Aeronautics Limited (HAL) has delivered three strike aircrafts to the Indian Air Force, reports UNI. These aircraft are MiG-27M sweeping strike aircrafts, HPT-32 basic trainer and Jaguar strike aircraft fitted with Darin navigational attack system. HAL, which is now using fourth generation computers at its various divisions, is engaged in a prestigious projects of design and development of HTT-34 and Ajeet trainer aircraft, according to an official release. The development of indigenously designed small thrust engine for pilotless target aircraft has reached an advanced stage. [Text] [New Delhi PATRIOT in English 3 Jan 86 p 5] /9317

CSO: 4600/1341

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